

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 2, 2024

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-38291

**STITCH FIX, INC.**

(Exact name of registrant as specified in its charter)

Delaware

27-5026540

(State or other jurisdiction of incorporation or  
organization)

(I.R.S. Employer Identification  
No.)

**1 Montgomery Street, Suite 1500  
San Francisco, California 94104**  
(Address of principal executive offices and zip code)

**(415) 882-7765**  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A common stock, par value \$0.00002 per share	SFIX	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of December 6, 2024, the number of outstanding shares of the registrant's Class A common stock, par value \$0.00002 per share, was 104,524,754, and the number of outstanding shares of the registrant's Class B common stock, par value \$0.00002 per share, was 22,318,035.

**STITCH FIX, INC.**  
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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**Stitch Fix, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
*(In thousands, except share and per share amounts)*

	November 2, 2024	August 3, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 137,153	\$ 162,862
Short-term investments	116,119	84,106
Inventory, net	119,145	97,903
Prepaid expenses and other current assets	20,099	21,839
<b>Total current assets</b>	<b>392,516</b>	<b>366,710</b>
Property and equipment, net	49,204	51,517
Operating lease right-of-use assets	60,616	63,780
Other long-term assets	4,783	4,857
<b>Total assets</b>	<b>\$ 507,119</b>	<b>\$ 486,864</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 114,386	\$ 87,058
Operating lease liabilities	21,999	21,817
Accrued liabilities	69,352	73,007
Gift card liability	6,296	6,749
Deferred revenue	9,256	9,217
Other current liabilities	5,232	5,201
Current liabilities, discontinued operations	32	502
<b>Total current liabilities</b>	<b>226,553</b>	<b>203,551</b>
Operating lease liabilities, net of current portion	89,465	95,685
Other long-term liabilities	606	606
<b>Total liabilities</b>	<b>316,624</b>	<b>299,842</b>
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Class A common stock, \$0.00002 par value – 2,000,000,000 shares authorized at November 2, 2024, and August 3, 2024; 106,827,439 and 104,742,401 shares issued at November 2, 2024, and August 3, 2024; and 104,525,298 and 102,440,260 shares outstanding at November 2, 2024, and August 3, 2024, respectively	1	1
Class B common stock, \$0.00002 par value – 100,000,000 shares authorized at November 2, 2024, and August 3, 2024; 22,318,035 and 22,318,035 shares issued and outstanding at November 2, 2024, and August 3, 2024, respectively	1	1
Additional paid-in capital	694,339	684,650
Accumulated other comprehensive income (loss)	(295)	(335)
Accumulated deficit	(473,509)	(467,253)
Treasury stock, at cost – 2,302,141 and 2,302,141 shares as of November 2, 2024, and August 3, 2024, respectively	(30,042)	(30,042)
<b>Total stockholders' equity</b>	<b>190,495</b>	<b>187,022</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 507,119</b>	<b>\$ 486,864</b>

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**Stitch Fix, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**(Unaudited)**

*(In thousands, except share and per share amounts)*

	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Revenue, net	\$ 318,818	\$ 364,785
Cost of goods sold	174,013	205,682
Gross profit	144,805	159,103
Selling, general, and administrative expenses	153,771	187,764
Operating loss	(8,966)	(28,661)
Interest income	2,932	2,248
Other income (expense), net	(72)	411
Loss before income taxes	(6,106)	(26,002)
Provision for income taxes	157	169
Net loss from continuing operations	(6,263)	(26,171)
Net income (loss) from discontinued operations, net of income taxes	7	(9,319)
Net loss	(6,256)	(35,490)
Other comprehensive income (loss):		
Change in unrealized gains and losses on available-for-sale securities, net of tax	40	121
Foreign currency translation	—	(1,129)
Total other comprehensive income (loss), net of tax	40	(1,008)
Comprehensive loss	\$ (6,216)	\$ (36,498)
Loss per share from continuing operations, attributable to common stockholders:		
Basic	\$ (0.05)	\$ (0.22)
Diluted	\$ (0.05)	\$ (0.22)
Loss per share from discontinued operations, attributable to common stockholders:		
Basic	\$ 0.00	\$ (0.08)
Diluted	\$ 0.00	\$ (0.08)
Loss per share attributable to common stockholders:		
Basic	\$ (0.05)	\$ (0.30)
Diluted	\$ (0.05)	\$ (0.30)
Weighted-average shares used to compute loss per share attributable to common stockholders:		
Basic	125,972,658	116,645,160
Diluted	125,972,658	116,645,160

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**Stitch Fix, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**(Unaudited)**

*(In thousands, except share amounts)*

**For the Three Months Ended November 2, 2024**

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance as of August 3, 2024	127,060,436	\$ 2	\$ 684,650	\$ (335)	\$ (467,253)	(2,302,141)	\$ (30,042)	\$ 187,022
Issuance of common stock upon settlement of restricted stock units, net of tax withholdings	2,085,038	—	(3,785)	—	—	—	—	(3,785)
Stock-based compensation	—	—	13,474	—	—	—	—	13,474
Net loss	—	—	—	—	(6,256)	—	—	(6,256)
Other comprehensive income, net of tax	—	—	—	40	—	—	—	40
Balance as of November 2, 2024	<u>129,145,474</u>	<u>\$ 2</u>	<u>\$ 694,339</u>	<u>\$ (295)</u>	<u>\$ (473,509)</u>	<u>(2,302,141)</u>	<u>\$ (30,042)</u>	<u>\$ 190,495</u>

**For the Three Months Ended October 28, 2023**

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance as of July 29, 2023	117,924,387	\$ 2	\$ 615,236	\$ 527	\$ (338,413)	(2,302,141)	\$ (30,042)	\$ 247,310
Issuance of common stock upon settlement of restricted stock units, net of tax withholdings	2,268,679	—	(4,172)	—	—	—	—	(4,172)
Stock-based compensation	—	—	24,100	—	—	—	—	24,100
Net loss	—	—	—	—	(35,490)	—	—	(35,490)
Other comprehensive loss, net of tax	—	—	—	(1,008)	—	—	—	(1,008)
Balance as of October 28, 2023	<u>120,193,066</u>	<u>\$ 2</u>	<u>\$ 635,164</u>	<u>\$ (481)</u>	<u>\$ (373,903)</u>	<u>(2,302,141)</u>	<u>\$ (30,042)</u>	<u>\$ 230,740</u>

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**Stitch Fix, Inc.**  
**Condensed Consolidated Statements of Cash Flow**  
**(Unaudited)**  
*(In thousands)*

	<b>For the Three Months Ended</b>	
	<b>November 2, 2024</b>	<b>October 28, 2023</b>
<b>Cash Flows from Operating Activities from Continuing Operations</b>		
Net loss from continuing operations	\$ (6,263)	\$ (26,171)
Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities from continuing operations:		
Change in inventory reserves	4,970	3,083
Stock-based compensation expense	12,650	19,902
Depreciation, amortization, and accretion	6,859	13,784
Other	34	19
Change in operating assets and liabilities:		
Inventory	(26,212)	(33,255)
Prepaid expenses and other assets	1,771	2,800
Operating lease right-of-use assets and liabilities	(2,874)	(1,349)
Accounts payable	27,223	34,709
Accrued liabilities	(3,507)	7,502
Deferred revenue	39	(664)
Gift card liability	(453)	(503)
Other liabilities	31	702
Net cash provided by operating activities from continuing operations	14,268	20,559
<b>Cash Flows from Investing Activities from Continuing Operations</b>		
Proceeds from sale of property and equipment	—	21
Purchases of property and equipment	(4,323)	(3,653)
Purchases of securities available-for-sale	(46,074)	—
Sales of securities available-for-sale	2,468	—
Maturities of securities available-for-sale	12,200	12,820
Net cash provided by (used in) investing activities from continuing operations	(35,729)	9,188
<b>Cash Flows from Financing Activities from Continuing Operations</b>		
Payments for tax withholdings related to vesting of restricted stock units	(3,785)	(4,008)
Other	—	(100)
Net cash used in financing activities from continuing operations	(3,785)	(4,108)
Net increase (decrease) in cash and cash equivalents from continuing operations	(25,246)	25,639
<b>Cash Flows from Discontinued Operations</b>		
Net cash used in operating activities from discontinued operations	(463)	(6,119)
Net cash used in financing activities from discontinued operations	—	(164)
Net decrease in cash and cash equivalents from discontinued operations	(463)	(6,283)
Effect of exchange rate changes on cash and cash equivalents	—	(1,895)
Net increase (decrease) in cash and cash equivalents	(25,709)	17,461
Cash and cash equivalents at beginning of period	162,862	239,437
Cash and cash equivalents at end of period	\$ 137,153	\$ 256,898
<b>Supplemental Disclosure</b>		
Cash paid for income taxes	\$ 521	\$ 386
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>		
Purchases of property and equipment included in accounts payable and accrued liabilities	\$ 43	\$ 1,099
Capitalized stock-based compensation	\$ 824	\$ 1,303

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**Stitch Fix, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1. Description of Business**

Stitch Fix, Inc. (“we,” “our,” “us,” or “the Company”) is an online personal styling service that helps people discover the styles they will love that fit perfectly so they always look - and feel - their best. Clients engage with us by (1) receiving a curated shipment of items informed by our algorithms and chosen by a Stitch Fix Stylist (a “Fix”); or (2) purchasing directly from our website or mobile app based on an individualized assortment of outfit and item recommendations (“Freestyle”). Clients choose to schedule regular shipments or order a Fix on demand. Then, after receiving a Fix, they can purchase the items they want to keep and return the other items, if any. We are incorporated in Delaware and have operations in the United States. Previously, we also had operations in the United Kingdom (“UK”). During the first quarter of fiscal 2024, we ceased operations of our UK business and met the requirements to report the UK business as a discontinued operation for all periods presented.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

Our fiscal year is a 52-week or 53-week period ending on the Saturday closest to July 31. The fiscal year ending August 2, 2025 (“fiscal 2025”) consists of 52 weeks. The fiscal year ended August 3, 2024 (“fiscal 2024”) consisted of 53 weeks, with the extra week occurring in the fourth fiscal quarter ending August 3, 2024.

The accompanying unaudited condensed consolidated financial statements include the accounts of Stitch Fix, Inc. and our wholly-owned subsidiaries, and have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and the applicable rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for interim financial information. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. These financial statements have been prepared on the same basis as our annual consolidated financial statements and, in the opinion of management, reflect all normal recurring adjustments, which are necessary for the fair statement of our financial information. These interim results are not necessarily indicative of the results to be expected for the fiscal year ending August 2, 2025, or for any other interim period or for any other future year. All intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended August 3, 2024 (the “2024 Annual Report”).

***Discontinued Operations***

During the first quarter of fiscal 2024, we ceased operations of our UK business and met the requirements to report the UK business as a discontinued operation. Accordingly, the condensed consolidated financial statements for all periods presented reflect the results of the UK business as a discontinued operation. Unless otherwise noted, amounts and disclosures throughout these Notes to Condensed Consolidated Financial Statements relate to the Company's continuing operations. Refer to Note 12, “Discontinued Operations” for further details.

***Use of Estimates***

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements and the accompanying footnotes.

Significant estimates and assumptions are used for inventory, stock-based compensation expense, income taxes, and revenue recognition. Actual results could differ from those estimates and such differences may be material to the condensed consolidated financial statements.

***Significant Accounting Policies***

Unless noted below, there have been no changes to the Company's significant accounting policies, as described in our fiscal 2024 Annual Report, that had a material impact on these condensed consolidated financial statements and related notes.

***Revenue Recognition***

We generate revenue primarily from the sale of merchandise to clients in a Fix and when clients purchase merchandise directly from Freestyle. Clients create an online account on our website or mobile app, complete a style profile, and order a Fix or merchandise to be delivered on a specified date.

With our Fix offering, we charge a nonrefundable upfront fee, referred to as a “styling fee,” that is credited towards any merchandise purchased. We offer Style Pass to provide select U.S. clients with an alternative to paying a styling fee per Fix. Style Pass clients pay a nonrefundable annual fee for unlimited styling that is credited towards merchandise purchases.

We have five types of contractual liabilities: (i) cash collections of upfront styling fees, which are included in deferred revenue and are recognized as revenue upon the earlier of application to a merchandise purchase or expiry of the offer, (ii) cash collections of Style Pass annual fees, which are included in deferred revenue and are recognized upon the earlier of application to a merchandise purchase or expiry of the Style Pass annual period, (iii) unredeemed gift cards, which are included in gift card liability and recognized as revenue upon usage or inclusion in gift card breakage estimates, (iv) referral credits, which are included in other current liabilities and are recognized as revenue when used, and (v) cash collections of Freestyle purchases, which are included in deferred revenue and are recognized as revenue upon shipment.

We expect deferred revenue for upfront styling fees, Freestyle orders, and Style Pass annual fees to be recognized within one year. On average, our gift card liability and other current liabilities are also recognized within one year.

The following table summarizes the balances of contractual liabilities included in deferred revenue, gift card liability, and other current liabilities as of the dates indicated:

(in thousands)	November 2, 2024	August 3, 2024
Deferred revenue:		
Upfront styling fees	\$ 5,212	\$ 4,859
Style Pass annual fees	2,984	3,426
Freestyle orders	1,060	932
Total deferred revenue	\$ 9,256	\$ 9,217
Gift card liability	\$ 6,296	\$ 6,749
Other current liabilities:		
Referral credits	\$ 266	\$ 179

The following table summarizes revenue recognized during the three months ended November 2, 2024, that was previously included in deferred revenue, gift card liability, and other current liabilities at August 3, 2024:

(in thousands)	Revenue Recognized from Amounts Previously Included in Deferred Balances at August 3, 2024
Upfront styling fees	\$ 4,842
Style Pass annual fees	1,500
Freestyle orders	607
Gift card liability	743
Referral credits	48

### ***Concentration of Credit Risks***

We are subject to concentrations of credit risk, principally from cash and cash equivalents and investment securities. The majority of our cash is held by one financial institution within the United States. Our cash balance held by this institution exceeds federally insured limits. The associated risk of concentration for cash is mitigated by banking with credit-worthy institutions. The associated risk of concentration for cash equivalents and investments is mitigated by maintaining a diversified portfolio of highly rated instruments.

No client accounted for greater than 10% of total revenue, net for the three months ended November 2, 2024 or October 28, 2023.



### Recently Issued Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). This update is designed to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This standard also enhances interim disclosure requirements and provides new segment disclosure requirements for entities with a single reportable segment. This standard is effective for us beginning in fiscal 2025 for the annual period, and the interim periods thereafter. We are currently evaluating the impact that this standard will have on our consolidated financial statements or related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”). This update enhances the transparency and decision usefulness of income tax disclosures by improving the income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The update also includes certain other amendments to improve the effectiveness of income tax disclosures. This standard is effective for us beginning in fiscal 2026 with early adoption permitted. We do not anticipate this standard to have a material impact on our consolidated financial statements or related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”). This update is to improve the disclosures of components of certain income statement expense items. This standard is effective for us beginning in fiscal 2028 for the annual period, with early adoption permitted. We are currently evaluating the impact that this standard will have on our consolidated financial statements or related disclosures.

### 3. Fair Value Measurements

Our financial instruments consist of cash, cash equivalents, investments, accounts receivable, accounts payable, and accrued liabilities. At November 2, 2024, and August 3, 2024, the carrying values of cash, accounts receivable, accounts payable, and accrued liabilities approximated fair value due to their short-term nature. We measure our cash equivalents and investments at fair value within Level 1 or Level 2 of the fair value hierarchy because we value these investments using unadjusted, quoted market prices; or alternative pricing sources and models utilizing market observable inputs, respectively. Further, the Company measures the fair value of certain lease right of use assets and other long-lived assets subject to long-lived asset impairment using Level 3 unobservable inputs.

Our cash equivalents and investments, which were accounted for as available-for-sale securities and were measured at fair value on a recurring basis as of November 2, 2024, and August 3, 2024, were as follows:

(in thousands)	November 2, 2024				August 3, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents:								
Money market funds	\$ 69,492	\$ —	\$ —	\$ 69,492	\$ 84,594	\$ —	\$ —	\$ 84,594
Investments <sup>(1)</sup> :								
U.S. Treasury securities	19,278	—	—	19,278	13,603	—	—	13,603
Corporate bonds	—	85,428	—	85,428	—	67,527	—	67,527
Asset backed securities	—	6,951	—	6,951	—	—	—	—
U.S. Agency securities	—	2,994	—	2,994	—	2,976	—	2,976
Commercial paper	—	1,468	—	1,468	—	—	—	—
Total	\$ 88,770	\$ 96,841	\$ —	\$ 185,611	\$ 98,197	\$ 70,503	\$ —	\$ 168,700

<sup>(1)</sup> Investments have remaining maturities of less than one year.

There were no transfers of financial assets or liabilities into or out of Level 1, Level 2, or Level 3 during the three months ended November 2, 2024, or October 28, 2023.

The following table sets forth the amortized cost, gross unrealized gains and losses, and fair values of our investments accounted for as available-for-sale securities as of November 2, 2024, and August 3, 2024:

(in thousands)	November 2, 2024				August 3, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Investments:</b>								
U.S. Treasury securities	\$ 19,261	\$ 17	\$ —	\$ 19,278	\$ 13,588	\$ 16	\$ (1)	\$ 13,603
Corporate bonds	85,325	103	—	85,428	67,451	88	(12)	67,527
Asset backed securities	6,939	13	(1)	6,951	—	—	—	—
U.S. Agency securities	2,992	2	—	2,994	2,973	3	—	2,976
Commercial paper	1,468	—	—	1,468	—	—	—	—
<b>Total</b>	<b>\$ 115,985</b>	<b>\$ 135</b>	<b>\$ (1)</b>	<b>\$ 116,119</b>	<b>\$ 84,012</b>	<b>\$ 107</b>	<b>\$ (13)</b>	<b>\$ 84,106</b>

No significant available-for-sale securities held as of the periods presented have been in a continuous unrealized loss position for more than 12 months as of November 2, 2024 and August 3, 2024.

#### 4. Accrued Liabilities

Accrued liabilities consisted of the following:

(in thousands)	November 2, 2024	August 3, 2024
Compensation and related benefits	\$ 11,288	\$ 13,804
Advertising	8,780	6,967
Sales taxes	6,780	6,583
Shipping and freight	9,620	10,998
Accrued accounts payable	5,719	10,607
Inventory purchases	16,379	14,473
Sales refund reserve	7,313	6,417
Other	3,473	3,158
<b>Total accrued liabilities</b>	<b>\$ 69,352</b>	<b>\$ 73,007</b>

#### 5. Credit Facility

On December 4, 2023, we entered into a first lien credit agreement with Citibank, N.A., as agent and lender, which provides for a \$50.0 million revolving credit facility maturing on December 4, 2026 (the "2023 Credit Facility"). The 2023 Credit Facility includes a sub-facility that provides for the issuance of letters of credit in an amount of up to \$30.0 million. Availability of the 2023 Credit Facility will be based upon a borrowing base formula and periodic borrowing base certifications valuing certain of our accounts receivable, credit card receivables, and inventory as reduced by certain reserves, if any. Our borrowing availability based on balances as of November 2, 2024, was \$50.0 million, and our excess availability was \$31.3 million as a result of outstanding letters of credit, and no outstanding borrowing.

The 2023 Credit Facility is subject to customary fees for loan facilities of this type, including a commitment fee equal to 0.30% based on the average daily undrawn portion of the 2023 Credit Facility, payable quarterly.

The interest rate applicable to the 2023 Credit Facility will be, at our option, either (a) the Adjusted Term SOFR rate for the applicable interest period (subject to a 0.00% floor), plus a margin of 2.00% or (b) the Base Rate plus a margin of 2.00%. The Base Rate is the highest of (a) the federal funds rate plus 0.50%, (b) the Wall Street Journal prime rate, or (c) the Adjusted Term SOFR rate for a one-month interest period plus 1.00%.

Debt under the 2023 Credit Facility is guaranteed by substantially all of our material domestic subsidiaries and is secured by substantially all of our and such subsidiaries' assets. The 2023 Credit Facility contains affirmative and negative covenants, indemnification provisions, and events of default. The 2023 Credit Facility also contains financial covenants that require us to maintain a minimum liquidity level and, if applicable, a minimum total consolidated fixed charge coverage ratio during the periods set forth in the 2023 Credit Facility. As of November 2, 2024, we were in compliance with all financial covenants.

## 6. Commitments and Contingencies

### Contingencies

We record a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We also disclose material contingencies when we believe a loss is not probable but reasonably possible. Accounting for contingencies requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Although we cannot predict with assurance the outcome of any litigation or tax matters, we do not believe there are currently any such actions that, if resolved unfavorably, would have a material impact on our operating results, financial position, and cash flows.

On August 26, 2022, a class action lawsuit alleging violations of federal securities laws was filed by certain of our stockholders in the U.S. District Court for the Northern District of California, naming as defendants us and certain of our officers and directors. An amended complaint was filed on August 15, 2023. The lawsuit alleges violations of the Securities Exchange Act of 1934, as amended, by us and our officers for allegedly making materially false and misleading statements regarding our Freestyle offering between December 2020 and June 2022. The plaintiffs seek unspecified monetary damages and other relief. The Company filed a motion to dismiss on November 1, 2023. A hearing on the Motion to Dismiss was held on April 18, 2024, and the motion to dismiss was granted on July 16, 2024, with leave to amend. The plaintiffs filed a second amended complaint on September 13, 2024, and the Company filed a motion to dismiss the second amended complaint on November 8, 2024.

On March 17, 2023, a derivative action was filed against certain former directors in the Court of Chancery for the State of Delaware, based on the same factual allegations underlying the securities class action. It seeks damages and restitution to be paid to the Company by the individual defendants, governance changes, and attorney's fees and costs. The case is stayed pending resolution of the motion to dismiss in the securities class action. On May 24, 2024, another derivative action was filed, also in the Court of Chancery for the State of Delaware. It alleges claims based on the same allegations underlying the securities class action and seeks the disgorgement and redistribution of alleged insider trading profits by the insider trading defendants to stockholders, damages and restitution to be paid to the Company by the individual defendants, governance changes, and attorney's fees and costs.

There have been no other material changes to our commitments and contingencies disclosed in our fiscal 2024 Annual Report.

### Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to vendors, directors, officers, and other parties with respect to certain matters. We have not incurred any material costs as a result of such indemnifications and have not accrued any liabilities related to such obligations in the condensed consolidated financial statements.

## 7. Accumulated Other Comprehensive Income (Loss)

The tables below present the changes in accumulated other comprehensive income (loss) ("AOCI") by component and, if applicable, the reclassifications out of AOCI for the periods presented:

(in thousands)	For the Three Months Ended					
	November 2, 2024			October 28, 2023		
	Available-for-sale Securities	Foreign Currency Translation	Total	Available-for-sale Securities	Foreign Currency Translation	Total
Beginning balance	\$ (335)	\$ —	\$ (335)	\$ (602)	\$ 1,129	\$ 527
Other comprehensive income (loss) before reclassifications	40	—	40	121	(2,274)	(2,153)
Release of cumulative foreign currency translation adjustments associated with discontinued operations <sup>(2)</sup>	—	—	—	—	1,145	1,145
Net change in AOCI	40	—	40	121	(1,129)	(1,008)
Ending balance	\$ (295)	\$ —	\$ (295)	\$ (481)	\$ —	\$ (481)

<sup>(1)</sup> There was no associated income tax effect for losses on available-for-sale securities for the three months ended November 2, 2024, or October 28, 2023, as we have recorded a valuation allowance against these deferred tax balances.

<sup>(2)</sup> During the first quarter of fiscal 2024, we ceased operations of our UK business and the accounting requirements for reporting the UK business as a discontinued operation were met. Accordingly, in the first quarter of fiscal 2024, we reclassified historical foreign currency translation losses, which were previously recognized in AOCI, from stockholders' equity to loss from discontinued operations, net of income taxes in the condensed consolidated statements of operations and comprehensive loss. Refer to Note 12, "Discontinued Operations" for further details.

## 8. Stock-Based Compensation

### Stock Plans

#### 2011 Equity Incentive Plan

In 2011, we adopted the 2011 Equity Incentive Plan (the “2011 Plan”). The 2011 Plan provided for the grant of stock-based awards to employees, directors, and non-employees under terms and provisions established by the Board of Directors.

The 2011 Plan allowed for the grant of incentive stock options or nonqualified stock options, as well as restricted stock units (“RSU”), restricted stock awards (“RSA”), and stock appreciation rights. Only incentive and nonqualified stock options were granted under the 2011 Plan. Employee stock option awards generally vested 25% on the first anniversary of the grant date with the remaining shares subject to the option vesting ratably over the next three years subject to the employee’s continued service with the Company. Options generally expire after 10 years. Effective upon our initial public offering in 2017, the 2011 Plan was replaced by the 2017 Incentive Plan.

#### 2017 Incentive Plan

In November 2017, our Board of Directors and stockholders adopted our 2017 Incentive Plan (the “2017 Plan”). The remaining shares available for issuance under our 2011 Plan became reserved for issuance under the 2017 Plan. Our 2017 Plan provides for the grant of Class A incentive stock options to employees and for the grant of nonqualified stock options, stock appreciation rights, RSAs, RSU awards, performance restricted stock unit (“PSU”) awards, performance cash awards, and other forms of stock awards to employees, directors, and consultants. Employee stock option awards generally begin to vest six months after the grant date with the remaining shares subject to the option vesting ratably over the next 30 months. Options generally expire after 10 years. RSU awards made to employees generally vest ratably on a quarterly basis subject to the employee’s continued service with the Company. PSU awards made to employees generally vest on a quarterly basis following the end of the performance period, subject to the employee’s continued service with the Company. As of November 2, 2024, the number of shares authorized for issuance under the 2017 Plan was 50,276,797 shares of Class A common stock, and the number of shares available for grant was 2,847,665.

#### 2019 Inducement Plan

In October 2019, our Board of Directors adopted our 2019 Inducement Plan (the “2019 Plan”). Our 2019 Plan provides for the grant of Class A nonqualified stock options and RSU awards to individuals who satisfy the standards for inducement grants under the relevant Nasdaq Stock Market rules. As of November 2, 2024, the number of shares authorized for issuance under the 2019 Plan was 10,750,000 shares of Class A common stock and the number of shares available for grant was 1,436,629.

### Stock Options

Stock option activity under the 2011 Plan, 2017 Plan, and 2019 Plan was as follows:

	Options Outstanding			
	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balance at August 3, 2024	10,094,852	\$ 5.67	8.36	\$ 4,272
Cancelled	(468,144)	11.26		
Balance at November 2, 2024	9,626,708	\$ 5.40	8.15	\$ 1,356

### Restricted Stock Unit Awards

RSU award activity under the 2017 Plan and 2019 Plan was as follows:

	Unvested RSUs	
	Class A Common Stock	Weighted-Average Grant Date Fair Value
Unvested at August 3, 2024	8,239,439	\$ 6.04
Granted	8,610,082	3.14
Vested	(2,085,038)	5.00
Forfeited	(1,289,778)	5.62
Unvested at November 2, 2024	13,474,705	\$ 4.39

### Performance Restricted Stock Unit Awards

The Compensation Committee approved certain PSU awards in the first quarter of fiscal 2025, which vest in multiple tranches over a one- or three-year period. Each PSU award represents a contingent right to receive one share of common stock. The awards have both service and performance conditions. The actual number of shares earned on vesting ranges from 0% to 150% of the target number granted, depending on the attainment of specified performance metrics during the performance period, which is the fiscal year 2025.

PSU award activity under the 2017 Plan was as follows:

	Unvested PSUs	
	Class A Common Stock	Weighted-Average Grant Date Fair Value
Unvested at August 3, 2024	—	\$ —
Granted	1,387,500	3.12
Unvested at November 2, 2024	1,387,500	\$ 3.12

### Stock-Based Compensation Expense

Stock-based compensation expense for options, RSUs, and PSUs granted to employees was \$12.7 million for the three months ended November 2, 2024, and \$19.9 million for the three months ended October 28, 2023. Stock-based compensation expense is included in selling, general, and administrative expenses in the condensed consolidated statements of operations and comprehensive loss.

Stock-based compensation expense related to RSUs is recorded, net of forfeitures, over the requisite service period using the straight-line method such that an expense is only recognized for those awards that we expect to vest. Stock-based compensation expense related to PSUs is recorded under the accelerated method and is adjusted in future periods for subsequent changes in the expected outcome of the performance related conditions. Stock-based compensation expense related to stock options is recorded by estimating the fair value of stock-based awards using the Black-Scholes option pricing model and amortizing the fair value of the stock-based awards granted over the applicable vesting period of the awards on a straight-line basis. No options were granted during the three months ended November 2, 2024, and October 28, 2023.

As of November 2, 2024, the total unrecognized compensation expense related to unvested options, RSUs, and PSUs, net of estimated forfeitures, was \$68.6 million, which we expect to recognize over an estimated weighted average period of 1.5 years.

## 9. Income Taxes

The following table summarizes our effective tax rate from loss from continuing operations for the periods presented:

(in thousands)	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Loss from continuing operations before income taxes	\$ (6,106)	\$ (26,002)
Provision for income taxes	157	169
Effective tax rate	(2.6)%	(0.7)%

Our continuing operations are subject to income taxes in the United States. Our effective tax rate for the three months ended November 2, 2024, differs from the federal statutory income tax rate primarily due to the full valuation allowance recorded on our net federal and state deferred tax assets. The tax provision for the three months ended November 2, 2024, is primarily comprised of state taxes.

Our effective tax rate for the three months ended October 28, 2023, differed from the federal statutory income tax rate primarily due to the full valuation allowance recorded on our net federal and state deferred tax assets. The tax provision for the three months ended October 28, 2023, is primarily comprised of state taxes.

## 10. Net Loss Per Share from Continuing Operations Attributable to Common Stockholders and Common Stock

Basic and diluted loss per share from continuing operations attributable to common stockholders is presented in conformity with the two-class method required for participating securities: Class A and Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting, conversion, and transfer rights. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock is convertible at any time at the option of the stockholder into one share of Class A common stock.

Basic net loss per share from continuing operations attributable to common stockholders is computed by dividing the net loss from continuing operations attributable to common stockholders by the weighted-average number of common shares outstanding during the period.

For the calculation of diluted loss per share from continuing operations, net loss from continuing operations attributable to common stockholders for basic loss per share is adjusted by the effect of dilutive securities. Diluted net loss per share from continuing operations attributable to common stockholders is computed by dividing the net loss from continuing operations attributable to common stockholders by the weighted-average number of common shares outstanding, including all potentially dilutive common shares. In periods of loss, there are no potentially dilutive common shares to add to the weighted-average number of common shares outstanding. The undistributed losses are allocated based on the contractual participation rights of the Class A and Class B common shares as if the losses for the year have been distributed. As the liquidation and dividend rights are identical, the undistributed loss is allocated on a proportionate basis.

The table below presents a reconciliation of the numerator and denominator used in the calculation of basic and diluted loss per share from continuing operations attributable to Class A and Class B common stockholders:

(in thousands, except share and per share amounts)	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Numerator:		
Net loss from continuing operations attributable to Class A and Class B common stockholders	\$ (6,263)	\$ (26,171)
Denominator:		
Weighted-average shares of common stock - basic	125,972,658	116,645,160
Weighted-average shares of common stock - diluted	125,972,658	116,645,160
Loss per share from continuing operations attributable to Class A and Class B common stockholders:		
Basic	\$ (0.05)	\$ (0.22)
Diluted	\$ (0.05)	\$ (0.22)

As the Company has reported net loss from continuing operations for each of the periods presented, all potentially dilutive securities were considered antidilutive. The following common stock equivalents were excluded from the computation of diluted loss per share from continuing operations because their effect would have been antidilutive for the periods presented:

	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Performance restricted stock units that settle into Class A common stock <sup>(1)</sup>	1,387,500	—
Restricted stock units that settle into Class A common stock	13,474,705	16,797,675
Stock options to purchase Class A common stock	8,921,674	6,826,227
Stock options to purchase Class B common stock	705,034	805,470
Total	24,488,913	24,429,372

<sup>(1)</sup> Refer to Note 8, "Stock-based Compensation" for further details.

### Share Repurchase Program

In January 2022, the Company's Board of Directors authorized a share repurchase program to repurchase up to \$150.0 million of our outstanding Class A common stock, with no expiration date (the "2022 Repurchase Program"). The actual timing, number, and value of shares repurchased in the future will be determined by the Company in its discretion and will depend on a number of factors, including market conditions, applicable legal requirements, our capital needs, and whether there is a better alternative use of capital.

We did not repurchase any shares during the three months ended November 2, 2024, or October 28, 2023. As of November 2, 2024, \$120.0 million remained available under the 2022 Repurchase Program authorization. Repurchases under the 2022 Repurchase Program during any given fiscal period will reduce the number of weighted-average common shares outstanding for the respective period.

## 11. Restructuring

In June 2022, we announced a restructuring plan (the “2022 Restructuring Plan”) to reduce our future fixed and variable operating costs and allow us to centralize key capabilities, strengthen decision-making to drive efficiencies, and ensure we are allocating resources to our most critical priorities. In fiscal 2022 and 2023, in furtherance of and as an expansion of the 2022 Restructuring Plan, we reduced our employee workforce, impaired a portion of our corporate office space, and announced intended closures of certain fulfillment centers. In fiscal 2024, in furtherance of and as an expansion of the 2022 Restructuring Plan, we closed certain fulfillment centers, implemented an organizational realignment which eliminated certain styling leadership and corporate positions, revised our compensation model for Stylists, and impaired a portion of our corporate office space in the fourth quarter of 2024 due to change in the use of the space.

During the three months ended November 2, 2024, we recorded \$0.4 million related to the continued impact of our revised compensation model for Stylists, primarily consisting of severance and employee-related benefits. In furtherance of and as an expansion of the 2022 Restructuring Plan, in October 2024, we implemented an additional organizational realignment which further eliminated certain corporate positions. During the three months ended November 2, 2024, we recorded \$0.6 million related to this action, primarily consisting of severance and employee-related benefits.

The components of total restructuring charges were as follows:

(in thousands)	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Cash restructuring charges:		
Severance and employee-related benefits	\$ 971	\$ 2,462
Other	58	648
Non-cash restructuring charges:		
Accelerated depreciation	—	4,178
Other	—	662
Total restructuring <sup>(1)</sup>	\$ 1,029	\$ 7,950

<sup>(1)</sup> Recorded in selling, general, and administrative expenses on the condensed consolidated statements of operations and comprehensive loss.

The following table provides the changes in the Company’s restructuring related liabilities, which are included within accounts payable and accrued liabilities on the condensed consolidated balance sheets:

(in thousands)	Severance and Employee Related Benefits and Other
Balance at August 3, 2024	\$ 3,260
Charges incurred	1,029
Cash payments	(3,748)
Balance at November 2, 2024	\$ 541

Related to the 2022 Restructuring Plan, we estimate we will incur an immaterial amount of additional cash restructuring charges over the next fiscal quarter, with substantially all of the cash payments to be completed by the end of the next fiscal quarter.

## 12. Discontinued Operations

In June 2023, we announced that we would enter a consultation period, in accordance with UK law, to explore exiting the market in the UK. During the first quarter of fiscal 2024, we ceased operations of our UK business and the accounting requirements for reporting the UK business as a discontinued operation were met. As a result, the UK business is presented in the accompanying condensed financial statements as a discontinued operation for all periods presented.

Cash from our UK business is recorded as continuing operations on the condensed consolidated balance sheets, as any cash remaining after the settlement of outstanding liabilities related to the UK business is expected to be repatriated into the U.S.

The following table summarizes the major classes of assets and liabilities of discontinued operations, if any, which are summarized separately in the condensed consolidated balance sheets:

(in thousands)	November 2, 2024	August 3, 2024
Accrued liabilities	32	502
Current liabilities, discontinued operations	32	502
Total liabilities, discontinued operations	\$ 32	\$ 502

The key components of loss from discontinued operations were as follows:

(in thousands)	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Revenue, net	\$ —	\$ 8,558
Cost of goods sold	—	6,490
Gross profit	—	2,068
Selling, general, and administrative expenses	—	10,135
Operating income (loss)	—	(8,067)
Interest income	—	187
Other income (expense), net <sup>(1)</sup>	7	(1,143)
Income (loss) before income taxes	7	(9,023)
Provision for income taxes	—	296
Income (loss) from discontinued operations, net of income taxes	\$ 7	\$ (9,319)

<sup>(1)</sup> For the three months ended October 28, 2023, Other income (expense), net includes the loss from the release of historical foreign currency translation adjustments related to the exit of the UK business. Refer to Note 7, "Accumulated Other Comprehensive Income (Loss)" for further details.

During fiscal 2024, we recorded an aggregate \$5.3 million of expenses related to the exit and wind down of the UK business, primarily consisting of losses from firm purchase commitments for future receipts of inventory, inventory write-downs to net realizable value, and fixed asset impairment charges. These charges were recorded in both cost of goods sold and selling, general, and administrative expenses from discontinued operations.

We expect future expenses associated with the exit of the UK business to be immaterial.



## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes thereto included in Part I, Item 1 of this report and with our audited consolidated financial statements and related notes and our Annual Report on Form 10-K (the "2024 Annual Report") for the year ended August 3, 2024, filed with the Securities and Exchange Commission on September 25, 2024. We use a 52- or 53-week fiscal year, with our fiscal year ending on the Saturday that is closest to July 31 of that year. The fiscal year ending August 2, 2025 ("fiscal 2025") consists of 52 weeks, and the fiscal year ended August 3, 2024 ("fiscal 2024") consisted of 53 weeks. Throughout this Quarterly Report on Form 10-Q (this "Quarterly Report"), all references to quarters and years are to our fiscal quarters and fiscal years unless otherwise noted.

### Special Note Regarding Forward-Looking Statements

This Quarterly Report contains forward-looking statements that involve risks, uncertainties, and assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Quarterly Report that are not purely historical, including without limitation statements in the following discussion and analysis of financial condition and results of operations regarding our projected financial position and results, business strategy, plans, and objectives of our management for future operations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "project," "seek," "should," "target," "will," "would," and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management, which are in turn based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties, and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors" included under Part II, Item 1A below. Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

### Business Overview

In 2011, Stitch Fix introduced an innovative approach to shopping for clothing and accessories. We were inspired by the opportunity to create a client-first styling experience, offering an alternative to impersonal, time-consuming and inconvenient traditional shopping. Clients engage with us by (1) receiving a curated shipment of items informed by our algorithms and chosen by a Stitch Fix Stylist (a "Fix"); or (2) purchasing directly from our website or mobile app based on an individualized assortment of outfit and item recommendations ("Freestyle"). Clients choose to schedule regular shipments or order a Fix on demand. Then, after receiving a Fix, they can purchase the items they want to keep and return the other items, if any.

### Discontinued Operations

During the first quarter of fiscal 2024, we ceased operations of our UK business and the accounting requirements for reporting the UK business as a discontinued operation were met. Accordingly, any discussion of historical information in Management's Discussion and Analysis below reflects the results of the UK business as a discontinued operation, and amounts and disclosures below relate to the Company's continuing operations for all periods presented, unless otherwise noted. Refer to Note 12, "Discontinued Operations" within the Notes to the Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report for further details.

### Financial Overview

For the three months ended November 2, 2024, we reported \$318.8 million in net revenue, representing a year-over-year decrease of 12.6%, compared to the three months ended October 28, 2023. As of November 2, 2024, and October 28, 2023, we had approximately 2,434,000 and 2,989,000 active clients, respectively, representing a year-over-year decline of 18.6%.

During the three months ended November 2, 2024, we experienced a decline in net revenue year-over-year primarily due to our challenges in acquiring and retaining clients. We expect these challenges in acquiring and retaining active clients to continue having a negative compounding effect on net revenue throughout fiscal 2025. We remain focused on retaining current clients, improving the conversion of new clients, and enhancing our overall client experience for new and existing clients.

Net loss from continuing operations for the three months ended November 2, 2024, was \$6.3 million, compared to a net loss from continuing operations of \$26.2 million for the three months ended October 28, 2023.

For more information on the components of net loss from continuing operations for the three months ended November 2, 2024, refer to the section titled “Results of Operations” below.

### ***Restructuring***

During the three months ended November 2, 2024, in furtherance of and as an expansion of the restructuring plan announced in June 2022 (the “2022 Restructuring Plan”), we recorded \$1.0 million of additional restructuring charges. Related to the 2022 Restructuring Plan, we estimate we will incur an immaterial amount of additional cash restructuring charges over the next fiscal quarter, with substantially all of the cash payments to be completed by the end of the next fiscal quarter.

Refer to Note 11, “Restructuring” within the Notes to the Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report for further details of restructuring actions taken.

We are continuing to evaluate other fixed and variable operating costs, including further rationalizing our real estate footprint and continuing to optimize and be disciplined in our marketing strategy to better position ourselves for profitability. However, our future results of operations will depend on our ability to successfully navigate current business challenges and the overall macroeconomic environment.

### **Key Financial and Operating Metrics**

#### ***Non-GAAP Financial Measures***

We report our financial results in accordance with generally accepted accounting principles in the United States (“GAAP”). However, management believes that certain non-GAAP financial measures provide users of our financial information with additional useful information in evaluating our performance. We believe that adjusted EBITDA from continuing operations (“Adjusted EBITDA”) is frequently used by investors and securities analysts in their evaluations of companies, and that this supplemental measure facilitates comparisons between continuing operations of companies. We believe free cash flow from continuing operations (“Free Cash Flow”) is an important metric because it represents a measure of how much cash from continuing operations we have available for discretionary and non-discretionary items after the deduction of capital expenditures. These non-GAAP financial measures may be different than similarly titled measures used by other companies.

Our non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP. There are several limitations related to the use of our non-GAAP financial measures as compared to the closest comparable GAAP measures. Some of these limitations include:

- Adjusted EBITDA excludes interest income and net other (income) expense as these items are not components of our core business;
- Adjusted EBITDA does not reflect our provision for income taxes, which may increase or decrease cash available to us;
- Adjusted EBITDA excludes the recurring, non-cash expenses of depreciation and amortization of property and equipment and, although these are non-cash expenses, the assets being depreciated and amortized may have to be replaced in the future;
- Adjusted EBITDA excludes the non-cash expense of stock-based compensation, which has been, and will continue to be for the foreseeable future, an important part of how we attract and retain our employees and a significant recurring expense in our business;
- Adjusted EBITDA excludes costs incurred related to discrete restructuring plans and other one-time costs attributable to our continuing operations that are fundamentally different in strategic nature and frequency from ongoing initiatives. We believe exclusion of these items facilitates a more consistent comparison of operating performance over time, however these costs do include cash outflows; and
- Free Cash Flow does not represent the total residual cash flow available for discretionary purposes and does not reflect our future contractual commitments.

### Adjusted EBITDA

We define Adjusted EBITDA as net loss from continuing operations excluding interest income, net other (income) expense, provision for income taxes, depreciation and amortization, stock-based compensation expense, and restructuring and other one-time costs related to our continuing operations. The following table presents a reconciliation of net loss from continuing operations, the most comparable GAAP financial measure, to Adjusted EBITDA for each of the periods presented:

(in thousands)	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Net loss from continuing operations	\$ (6,263)	\$ (26,171)
Add (deduct):		
Interest income	(2,932)	(2,248)
Other (income) expense, net	72	(411)
Provision for income taxes	157	169
Depreciation and amortization <sup>(1)</sup>	7,385	9,439
Stock-based compensation expense	12,650	19,902
Restructuring and other one-time costs <sup>(2)</sup>	2,425	7,950
<b>Adjusted EBITDA</b>	<b>\$ 13,494</b>	<b>\$ 8,630</b>

<sup>(1)</sup> For the three months ended October 28, 2023, depreciation and amortization excluded \$4.3 million reflected in "Restructuring and other one-time costs."

<sup>(2)</sup> Restructuring and other one-time costs include restructuring charges as described in Note 11, "Restructuring" in the Notes to the Condensed Consolidated Financial Statements in Item 1, and, for the three months ended November 2, 2024, also \$1.4 million in one-time bonuses for certain continuing employees.

### Free Cash Flow

We define Free Cash Flow as cash flows provided by operating activities from continuing operations, reduced by purchases of property and equipment that are included in cash flows from investing activities from continuing operations. The following table presents a reconciliation of net cash flows provided by operating activities from continuing operations, the most comparable GAAP financial measure, to Free Cash Flow for each of the periods presented:

(in thousands)	For the Three Months Ended	
	November 2, 2024	October 28, 2023
<b>Free Cash Flow reconciliation:</b>		
Net cash provided by operating activities from continuing operations	\$ 14,268	\$ 20,559
Deduct:		
Purchases of property and equipment from continuing operations	(4,323)	(3,653)
<b>Free Cash Flow</b>	<b>\$ 9,945</b>	<b>\$ 16,906</b>
Net cash provided by (used in) investing activities from continuing operations	\$ (35,729)	\$ 9,188
Net cash used in financing activities from continuing operations	\$ (3,785)	\$ (4,108)

### Operating Metrics

(in thousands)	November 2, 2024	August 3, 2024	April 27, 2024	January 27, 2024	October 28, 2023
Active clients	2,434	2,508	2,633	2,805	2,989
Net Revenue per Active Client	\$ 531	\$ 533	\$ 525	\$ 515	\$ 506

### Active Clients

We believe that the number of active clients is a key indicator of the overall health of our business. We define an active client as a client who checked out a Fix or was shipped an item via Freestyle in the preceding 52 weeks, measured as of the last day of that period. Clients check out a Fix when they indicate what items they are keeping through our mobile application or on our website. We consider each Women's, Men's, or Kids account as a client, even if they share the same household. We had approximately 2,434,000 and 2,989,000 active clients as of November 2, 2024, and October 28, 2023, respectively, representing a year-over-year decline of 18.6%. The decline in active clients is due to dormant clients outpacing new client additions during the quarter, which we largely attribute to client conversion and retention challenges.

### *Net Revenue per Active Client*

We believe that net revenue per active client is an indicator of client engagement and satisfaction. We calculate net revenue per active client based on net revenue over the preceding four fiscal quarters divided by the number of active clients measured as of the last day of the period. Net revenue per active client was \$531 and \$506 as of November 2, 2024, and October 28, 2023, respectively, or an increase of 4.9% year over year.

## **Factors Affecting Our Performance**

### ***Macroeconomic Environment***

Our business and operating results are subject to national and global economic conditions and their impact on consumer discretionary spending. As the macroeconomic environment is experiencing inflation, recessionary concerns, and general uncertainty regarding the overall future political and economic environment, we cannot predict whether or when such circumstances may improve or worsen or what impact such circumstances could have on our business.

### ***Inventory Management***

We leverage our data science to buy and manage our inventory, including merchandise assortment and fulfillment center optimization. Because our merchandise assortment directly correlates to client success, we may at times optimize our inventory to prioritize long-term client success over short-term gross margin impact. To ensure sufficient availability of merchandise, we generally enter into purchase orders well in advance and frequently before apparel trends are confirmed by client purchases. As a result, we are vulnerable to demand and pricing shifts and availability of merchandise at the time of purchase. We incur inventory write-offs and changes in inventory reserves that impact our gross margins. Moreover, our inventory investments will fluctuate with the needs of our business.

### ***Client Acquisition and Engagement***

To grow our business, we must continue to acquire clients and successfully engage and retain them. Our marketing strategy aims to preserve liquidity and achieve profitability, while simultaneously attracting long-term customers to fuel a return to growth. We utilize both digital and offline channels to attract new visitors to our website or mobile app and subsequently convert them into clients. Our marketing costs are largely composed of advertising, client referrals, and public relations expenses. At any given time, our advertising efforts may include social media marketing, keyword search campaigns, affiliate programs, partnerships, campaigns with celebrities and influencers, display advertising, television, radio, video, content, direct mail, email, mobile “push” communications, SMS, and search engine optimization. Our marketing expenses have varied from period to period and we expect this trend to continue.

Marketing expense is recorded in selling, general, and administrative expenses in the condensed consolidated statements of operations and comprehensive loss. The largest component of our marketing expense is advertising, which was \$30.0 million for the three months ended November 2, 2024, and \$29.7 million for the three months ended and October 28, 2023. We will continue to be methodical about our approach when we are making advertising decisions, and may adjust our spending up or down based on performance.

### ***Operations and Infrastructure***

We intend to leverage our data science and deep understanding of our clients’ needs to make targeted investments in technology and product.

### ***Merchandise Mix***

We offer apparel, shoes, and accessories across categories, brands, product types, and price points. We currently serve our clients in the following categories: Women’s, Petite, Maternity, Men’s, Plus, and Kids. We carry a mix of third-party branded merchandise, including premium brands, and our own Owned Private Label Brands. We also offer a wide variety of product types, including denim, dresses, blouses, skirts, shoes, jewelry, and handbags. We sell merchandise across a broad range of price points and may further broaden our price point offerings in the future.

Historically, changes in our merchandise mix have not caused significant fluctuations in our gross margin; however, categories, brands, product types, and price points do have a range of margin profiles. For example, our Owned Private Label Brands have generally contributed higher margins than our third-party brands, which have generally contributed lower margins. We continue to evolve our merchandise mix to improve the client experience and attract new active clients. Shifts in merchandise mix will result in fluctuations in our gross margin from period to period.

## **Components of Results of Operations**

### ***Revenue***

We generate revenue from the sale of merchandise through our Fix and Freestyle offerings. With our Fix offering, we charge a nonrefundable upfront fee, referred to as a “styling fee,” that is credited towards any merchandise purchased. We offer Style Pass to provide select U.S. clients with an alternative to paying a styling fee per Fix. Style Pass clients pay a nonrefundable annual fee for unlimited styling that is credited towards merchandise purchases. We deduct discounts, sales tax, and estimated refunds to arrive at net revenue, which we refer to as revenue throughout this Quarterly Report. We also recognize revenue resulting from estimated breakage income on gift cards.

### ***Cost of Goods Sold***

Cost of goods sold consists of the costs of merchandise, expenses for inbound freight and shipping to and from clients, inventory write-offs and changes in our inventory reserve, payment processing fees, and packaging materials costs, offset by the recoverable cost of merchandise estimated to be returned. We expect our cost of goods sold to fluctuate as a percentage of revenue primarily due to how we manage our inventory and merchandise mix. Our classification of cost of goods sold may vary from other companies in our industry and may not be comparable.

### ***Selling, General, and Administrative Expenses***

Selling, general, and administrative expenses (“SG&A”) consist primarily of compensation and benefits costs, including stock-based compensation expense, for our employees including our stylists, fulfillment center operations, data analytics, merchandising, engineering, marketing, client experience, and corporate personnel. SG&A also includes marketing and advertising costs, third-party logistics costs, facility costs for our fulfillment centers and offices, professional service fees, information technology costs, and depreciation and amortization expense. As a result of our restructuring and cost reduction actions throughout fiscal years 2024, 2023, and 2022, we expect SG&A in fiscal 2025 to continue to decrease as compared to fiscal 2024. Our classification of certain components within SG&A may vary from other companies in our industry and may not be comparable.

### ***Interest Income***

Interest income is generated from our cash, cash equivalents, and investments in available-for-sale securities.

### ***Provision for Income Taxes***

Our provision for income taxes from continuing operations consists of an estimate of federal and state income taxes based on enacted federal, and state tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, and changes in the valuation of our net federal and state deferred tax assets.

## Results of Operations

The following table summarizes our financial results from continuing operations:

(in thousands)	For the Three Months Ended		% Change
	November 2, 2024	October 28, 2023	
Revenue, net	\$ 318,818	\$ 364,785	(12.6)%
Cost of goods sold	174,013	205,682	(15.4)%
Gross profit	144,805	159,103	(9.0)%
Selling, general, and administrative expenses	153,771	187,764	(18.1)%
Operating loss	(8,966)	(28,661)	(68.7)%
Interest income	2,932	2,248	30.4 %
Other income (expense), net	(72)	411	(117.5)%
Loss before income taxes	(6,106)	(26,002)	(76.5)%
Provision for income taxes	157	169	(7.1)%
Net loss from continuing operations	\$ (6,263)	\$ (26,171)	(76.1)%

The components of our results from continuing operations as a percentage of revenue were as follows:

	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Revenue, net	100.0 %	100.0 %
Cost of goods sold	54.6 %	56.4 %
Gross margin	45.4 %	43.6 %
Selling, general, and administrative expenses	48.2 %	51.5 %
Operating loss	(2.8)%	(7.9)%
Interest income	0.9 %	0.6 %
Other income (expense), net	— %	0.1 %
Loss before income taxes	(1.9)%	(7.1)%
Provision for income taxes	— %	0.1 %
Net loss from continuing operations	(2.0)%	(7.2)%

Note: Due to rounding, percentages in this table may not sum to totals.

### Revenue and Gross Margin

Revenue decreased by \$46.0 million, or 12.6% during the three months ended November 2, 2024, compared to the three months ended October 28, 2023. The decrease was primarily due to an 18.6% decline in active clients from October 28, 2023, to November 2, 2024, which led to a decrease in sales of merchandise. Partially offsetting the revenue decline during the three months ended November 2, 2024, was an improvement in net revenue per active client, which was driven by an increase in the average order value due to higher average unit retail prices for Fixes.

Gross margin for the three months ended November 2, 2024, increased by 180 basis points, compared to the prior year period. The increase in gross margin was primarily driven by transportation leverage as our carrier mix yielded more favorable year-over-year rates and improved product margins.

### Selling, General, and Administrative Expenses

SG&A decreased by \$34.0 million for the three months ended November 2, 2024, compared to the three months ended October 28, 2023. The year-over-year decrease was primarily driven by lower compensation and benefits expense including lower stock-based compensation expense, lower depreciation and amortization expense, and lower facilities costs, largely driven by our restructuring actions.

SG&A as a percentage of revenue decreased to 48.2% for the three months ended November 2, 2024, compared with 51.5% for the three months ended October 28, 2023. The decrease in SG&A as a percentage of revenue for the three months ended November 2, 2024, compared with the same period last year, was primarily driven by lower compensation and benefits expense including lower stock-based compensation expense, lower depreciation and amortization expense, and lower facilities costs, largely driven by our restructuring actions, as a percentage of revenue.

## ***Provision for Income Taxes***

The following table summarizes our effective tax rate from loss from continuing operations for the periods presented:

<b>(in thousands)</b>	<b>For the Three Months Ended</b>	
	<b>November 2, 2024</b>	<b>October 28, 2023</b>
Loss from continuing operations before income taxes	\$ (6,106)	\$ (26,002)
Provision for income taxes	157	169
Effective tax rate	(2.6)%	(0.7)%

Our continuing operations are subject to income taxes in the United States. Our effective tax rate for the three months ended November 2, 2024, differs from the federal statutory income tax rate primarily due to the full valuation allowance recorded on our net federal and state deferred tax assets. The tax provision for the three months ended November 2, 2024, is primarily comprised of state taxes.

Our effective tax rate for the three months ended October 28, 2023, differed from the federal statutory income tax rate primarily due to the full valuation allowance recorded on our net federal and state deferred tax assets. The tax provision for the three months ended October 28, 2023, is primarily comprised of state taxes.

## **Liquidity and Capital Resources**

### **Sources of Liquidity**

Our principal sources of liquidity are our cash, cash equivalents, investments, cash flows from continuing operations, and borrowing capacity under our credit facility. As of November 2, 2024, we had \$137.2 million of cash and cash equivalents attributable to continuing operations, which included \$0.3 million held outside the U.S. in the UK, and \$116.1 million of short-term investments with contractual maturities of 12 months or less. We will use our cash balances in the UK to settle the remaining liabilities attributable to our discontinued operations, and we plan to repatriate the remaining UK cash into the U.S. within 12 months of liquidating of the UK entity. This cash repatriation may be subject to taxes and other local statutory restrictions.

### **Credit Facility**

On December 4, 2023, we entered into a first lien credit agreement with Citibank, N.A., as agent and lender, which provides for a \$50.0 million revolving credit facility maturing on December 4, 2026 (the "2023 Credit Facility"). The 2023 Credit Facility includes a sub-facility that provides for the issuance of letters of credit in an amount of up to \$30.0 million. Availability of the 2023 Credit Facility will be based upon a borrowing base formula and periodic borrowing base certifications valuing certain of our accounts receivable, credit card receivables, and inventory as reduced by certain reserves, if any. Our borrowing availability based on balances as of November 2, 2024, was \$50.0 million, and our excess availability was \$31.3 million as a result of outstanding letters of credit, and no outstanding borrowing.

For information on the terms of the 2023 Credit Facility, refer to Note 5, "Credit Facility" within the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report.

### **Uses of Cash**

Our primary uses of cash include operating costs such as merchandise purchases, lease obligations, compensation and benefits, marketing, and other expenditures necessary to support our business.

We believe our existing cash, cash equivalents, investment balances, and the borrowing available under our 2023 Credit Facility, if needed, will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months and beyond.

### **Share Repurchases**

In January 2022, our Board of Directors authorized a share repurchase program to repurchase up to \$150.0 million of our outstanding Class A common stock, with no expiration date (the "2022 Repurchase Program"). We may repurchase shares from time to time through open market repurchases, privately negotiated transactions, or other means, including through Rule 10b5-1 trading plans. The actual timing, number and value of shares repurchased in the future will be determined by the Company in its discretion and will depend on a number of factors, including price, trading volume, market conditions, and other general business conditions. Repurchases will be funded from the Company's existing cash and cash equivalents or future cash flow. The repurchase program may be modified, suspended, or terminated at any time. During the three months ended November 2, 2024, and October 28, 2023, the Company made no repurchases of Class A common stock. As of November 2, 2024, the

Company had repurchased an aggregate 2,302,141 shares of Class A common stock for \$30.0 million, and \$120.0 million remained available under the 2022 Repurchase Program authorization.

## Cash Flows

The following table summarizes our cash flows for the periods indicated below:

(in thousands)	For the Three Months Ended	
	November 2, 2024	October 28, 2023
Net cash provided by operating activities from continuing operations	\$ 14,268	\$ 20,559
Net cash provided by (used in) investing activities from continuing operations	(35,729)	9,188
Net cash used in financing activities from continuing operations	(3,785)	(4,108)
Net increase (decrease) in cash and cash equivalents from continuing operations	\$ (25,246)	\$ 25,639

### *Cash Provided by Operating Activities from Continuing Operations*

During the three months ended November 2, 2024, cash provided by operating activities from continuing operations was \$14.3 million, which consisted of a net loss from continuing operations of \$6.3 million, adjusted by non-cash charges of \$24.5 million and a \$4.0 million change in net operating assets and liabilities. The non-cash charges were primarily driven by \$12.7 million of stock-based compensation expense; \$6.9 million of depreciation, amortization, and accretion; and a \$5.0 million change in inventory reserves. The change in net operating assets and liabilities was primarily due to a \$26.2 million change in gross inventory balances as we increased purchases in advance of the fall and winter season. This was largely offset by an increase in accounts payable and accrued liabilities of \$23.7 million due to timing of inventory receipts and payments.

During the three months ended October 28, 2023, cash provided by operating activities from continuing operations was \$20.6 million, which consisted of a net loss from continuing operations of \$26.2 million, adjusted by non-cash charges of \$36.8 million and a \$9.9 million change in net operating assets and liabilities. The non-cash charges were primarily driven by \$19.9 million of stock-based compensation expense, \$13.8 million of depreciation, amortization, and accretion. The change in our net operating assets and liabilities was primarily due to a \$33.3 million increase in gross inventory balances, as we increased purchases in advance of the fall and winter season. This was largely offset by an increase in accounts payable and accrued liabilities of \$42.2 million due to timing of inventory receipts and payments.

### *Cash Provided by (Used in) Investing Activities from Continuing Operations*

During the three months ended November 2, 2024, cash used in investing activities from continuing operations was \$35.7 million. This was primarily due to the purchases of securities available-for-sale of \$46.1 million, partially offset by the sales and maturities of available-for-sale securities of \$14.7 million.

During the three months ended October 28, 2023, cash provided in investing activities from continuing operations was \$9.2 million. This was primarily due to the maturities of available-for-sale securities of \$12.8 million, partially offset by purchases of property and equipment of \$3.7 million.

### *Cash Used in Financing Activities from Continuing Operations*

During the three months ended November 2, 2024, cash used in financing activities from continuing operations was \$3.8 million due to payments for tax withholding related to vesting of restricted stock units.

During the three months ended October 28, 2023, cash used in financing activities from continuing operations was \$4.1 million, primarily due to payments for tax withholding related to vesting of restricted stock units.

## Contractual Obligations and Other Commitments

There have been no material changes to our contractual obligations and other commitments as disclosed in our fiscal 2024 Annual Report on Form 10-K.

## Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and the related disclosures. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes to our critical accounting policies and estimates disclosed in our fiscal 2024 Annual Report on Form 10-K.



### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in market risk from the information presented in Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our fiscal 2024 Annual Report on Form 10-K.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q (the "Evaluation Date").

Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the Evaluation Date.

#### **Changes in Internal Control Over Financial Reporting**

There were no changes during the quarter ended November 2, 2024, in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Inherent Limitations on Effectiveness of Controls**

An effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error or overriding of controls, and therefore can provide only reasonable assurance with respect to reliable financial reporting. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The information contained in Note 6, “Commitments and Contingencies” under the heading “Contingencies” within the Notes to the Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

### ITEM 1A. RISK FACTORS

#### RISK FACTOR SUMMARY

*Our business is subject to numerous risks. The following summary highlights some of the risks you should consider with respect to our business and prospects. This summary is not complete and the risks summarized below are not the only risks we face. You should review and consider carefully the risks and uncertainties described in more detail in the “Risk Factors” below, which includes a more complete discussion of the risks summarized here.*

#### Risks Relating to Our Business

- We may be unable to retain clients or maintain a high level of engagement with our clients and maintain or increase their spending with us, which could harm our business, financial condition, or operating results.
- Our growth depends on attracting new clients.
- We rely on paid marketing to help grow our business, but these efforts may not be successful or cost effective, and such expenses and the success of our efforts may vary from period to period.
- If we are unable to manage our inventory effectively, our operating results could be adversely affected.
- Operational constraints at our fulfillment centers or our failure to adequately and effectively staff our fulfillment centers could adversely affect our client experience and operating results.
- Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.
- Our business, including our costs and supply chain, is subject to risks associated with the sourcing and pricing of merchandise and raw materials.
- We may not be able to return to revenue growth and we may not be profitable in the future.
- If we fail to effectively manage our transformation or other business strategies, our financial condition and operating results could be harmed.
- If we fail to attract and retain key personnel, effectively manage succession, or hire, develop, and motivate our employees, our business, financial condition, and operating results could be adversely affected.
- Our business depends on a strong brand and we may not be able to maintain our brand and reputation.
- If we fail to effectively manage our Stylists, our business, financial condition, and operating results could be adversely affected.
- If we are unable to acquire new merchandise vendors or retain existing merchandise vendors, our operating results may be harmed.
- We may incur significant losses from fraud.
- Our real estate leases subject us to various financial risks.
- We are subject to payment-related risks.

#### Risks Relating to Our Industry, the Market, and the Economy

- We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends.
- Our industry is highly competitive and if we do not compete effectively, our operating results could be adversely affected.
- Our operating results have been, and could be in the future, adversely affected by natural disasters, public health crises, political crises, or other catastrophic events.

### **Cybersecurity, Legal, and Regulatory Risks**

- System interruptions that impair client access to our website or other performance failures in our technology infrastructure could damage our business.
- Compromises of our data security or that of our third-party service providers could cause us to incur unexpected expenses and may materially harm our reputation and operating results.
- Some of our software and systems contain open source software, which may pose particular risks to our proprietary applications.
- Adverse litigation judgments or settlements resulting from legal proceedings in which we are or may be involved could expose us to monetary damages or limit our ability to operate our business.
- Any failure by us or our vendors to comply with product safety, labor, or other laws, or our standard vendor terms and conditions, or to provide safe factory conditions for our or their workers, may damage our reputation and brand, and harm our business.
- Our use of personal information, personal data, and sensitive information subjects us to privacy laws and other obligations (such as cybersecurity and data protection in contracts), and our compliance with or failure to comply with such obligations could harm our business.
- Unfavorable changes or failure by us to comply with evolving internet and eCommerce regulations could substantially harm our business and operating results.
- If the use of “cookie” tracking technologies is further restricted, regulated, or blocked, or if changes in technology cause cookies to become less reliable or acceptable as a means of tracking consumer behavior, the amount or accuracy of internet user information we collect would decrease, which could harm our business and operating results.
- If we cannot successfully protect our intellectual property, our business would suffer.
- We may be accused of infringing intellectual property rights of third parties.

### **Risks Relating to Taxes**

- Changes in U.S. tax or tariff policy regarding apparel produced in other countries could adversely affect our business.
- We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our clients would have to pay for our offering and adversely affect our operating results.
- Federal income tax reform could have unforeseen effects on our financial condition and results of operations.
- We may be subject to additional tax liabilities, which could adversely affect our operating results.
- Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

### **Risks Relating to Ownership of Our Class A Common Stock**

- The market price of our Class A common stock may continue to be volatile or may decline steeply or suddenly regardless of our operating performance and we may not be able to meet investor or analyst expectations. You may lose all or part of your investment.
- We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves.
- Future sales of shares by existing stockholders could cause our stock price to decline.
- The dual class structure of our common stock concentrates voting control with our directors, executive officers, and their affiliates, and may depress the trading price of our Class A common stock.
- We do not currently intend to pay dividends on our Class A common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our Class A common stock.
- Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our Class A common stock.
- Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States are the exclusive forums for substantially all disputes between us and our

stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

**General Risk Factors**

- Future securities sales and issuances could result in significant dilution to our stockholders and impair the market price of our Class A common stock.
- If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our reported financial information and this may lead to a decline in our stock price.
- We may not be able to generate sufficient capital to support and grow our business, and outside capital might not be available or may be available only by diluting existing stockholders.
- If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business, or our market, or if they change their recommendations regarding our Class A common stock adversely, the trading price or trading volume of our Class A common stock could decline.

## RISK FACTORS

*Investing in our Class A common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this Quarterly Report on Form 10-Q (this “Quarterly Report”), and in our other public filings. The risks described below are not the only ones facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, or results of operations. In such case, the trading price of our Class A common stock could decline, and you may lose all or part of your investment. This Quarterly Report also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below.*

### **Risks Relating to Our Business**

***We may be unable to retain clients or maintain a high level of engagement with our clients and maintain or increase their spending with us, which could harm our business, financial condition, or operating results.***

If our existing clients no longer find our service and merchandise appealing or appropriately priced, they may make fewer purchases or may stop using Stitch Fix altogether. Even if our existing clients continue to find our service and merchandise appealing, they may decide to receive fewer Fixes or purchase fewer items from their Fixes or through Freestyle as their demand for new apparel declines, due to macroeconomic conditions, or for other reasons. A high proportion of our revenue comes from repeat purchases by existing clients, especially those existing clients who are highly engaged and purchase a significant amount of merchandise from us. If clients who receive Fixes most frequently or purchase a significant amount of merchandise from us make fewer or lower priced purchases or stop using our service altogether, our financial results will be negatively affected. For instance, in fiscal year 2023, our number of active clients decreased throughout the year due to our inability to attract new clients and retain existing clients. This negatively affected our fiscal year 2024 revenue and is expected to continue to affect our revenue.

We seek to attract high-quality clients who will remain clients for the long term, but our efforts may not be successful or produce the results we anticipate. For example, if we are not able to engage new clients effectively so they continue receiving Fixes after their first few tries, our active client growth will continue to suffer. Our inability to attract and keep high-quality clients engaged, a continued decrease in our number of active clients, or a decrease in client spending could negatively affect our operating results.

***Our growth depends on attracting new clients.***

Our success depends on our ability to attract new clients in a cost-effective manner. To expand our client base, we must appeal to and acquire clients who have historically used other means to purchase apparel, shoes, and accessories, such as traditional brick-and-mortar retailers or other online retailers. We currently utilize both digital and offline channels to attract new visitors to our website or mobile app and convert them into clients. At any given time, our advertising efforts may include, social media marketing, keyword search campaigns, affiliate programs, partnerships, campaigns with celebrities and influencers, display advertising, television, radio, video, content, direct mail, email, mobile “push” communications, SMS, and search engine optimization. Our marketing expenses have varied from period to period, and we expect this trend to continue as we evolve our marketing strategies and employ a disciplined approach to marketing spend. While we can control how we manage our marketing spend, we cannot be certain that increases in spend will yield more clients, achieve meaningful payback on our investments, or be cost effective. We may also adjust our marketing strategy or decrease spend within a period if we are not achieving the intended results or if we believe the return-on-investment is not favorable, which may result in faster or slower rates of active client growth in any given period.

In addition, we seek to attract and retain clients by offering new products, services, and ways to engage with our platform. If such new products or services are not timely or successfully launched or are not successful in attracting new clients, our sales may fall short of expectations, our brand and reputation could be adversely affected, and our results of operations may suffer. Developing new offerings requires significant investments of resources and time, and if a new offering is not successful, or is delayed or not executed well, our operating results could be negatively impacted. For example, in launching Freestyle to new customers during our fiscal 2022, we implemented client on-boarding changes in an effort to drive new clients to Freestyle. These changes resulted in lower conversion of new clients to our Fix offering, which impacted our operating results. Expansion of our offerings may also strain our management and operational resources. If any of the above were to occur, it could damage our reputation, limit our growth, and have an adverse effect on our operating results.

***We rely on paid marketing to help grow our business, but these efforts may not be successful or cost effective, and such expenses and the success of our efforts may vary from period to period.***

Promoting awareness of our service is important to our ability to grow our business, drive client engagement, and attract new clients. At any given time, our marketing and advertising efforts may include, client referrals, social media marketing, keyword search campaigns, affiliate programs, partnerships, campaigns with celebrities and influencers, display advertising, television, radio, video, content, direct mail, email, mobile “push” communications, SMS, and search engine optimization. External factors beyond our control, including general economic conditions and decreased discretionary consumer spending, have impacted and may in the future impact the success of our marketing initiatives or how much we decide to spend on marketing in a given period. We adjust our marketing activity from period to period or within a period as we launch new initiatives or offerings, run tests, or make decisions on marketing investments in response to anticipated rates of return, such as when we identify favorable cost per acquisition trends. We have seen increased costs in certain digital marketing channels and our marketing initiatives may become increasingly expensive; generating a meaningful return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, it may not offset the additional marketing expenses we incur.

We currently obtain a significant number of visits to our websites via organic search engine results. Search engines frequently change the algorithms that determine the ranking and display of results of a user’s search, which could reduce the number of organic visits to our websites, in turn reducing new client acquisition and adversely affecting our operating results. Social networks are important as a source of new clients and as a means by which to connect with current clients, and their importance may be increasing. We may be unable to effectively maintain a presence within these networks, which could lead to lower than anticipated brand affinity and awareness, and in turn could adversely affect our operating results.

Further, mobile operating system and web browser providers, such as Apple and Google, have implemented product changes to limit the ability of advertisers to collect and use data to target and measure advertising. For example, Apple made a change in iOS 14 that required apps to get a user’s opt-in permission before tracking a user or sharing the user’s data across apps or websites owned by companies other than the app’s owner. Google has also taken actions to give users the option to accept cookies or not. These changes have reduced and will continue to reduce our ability to efficiently target and measure advertising, in particular through online social networks, making our advertising less cost effective and successful. We expect to continue to be impacted by these changes.

With respect to our email marketing efforts, if we are unable to successfully deliver emails to our clients or if clients do not engage with our emails, whether out of choice, because those emails are marked as low priority or spam, or for other reasons, our business could be adversely affected.

***If we are unable to manage our inventory effectively, our operating results could be adversely affected.***

To ensure timely delivery of merchandise, we generally enter into purchase contracts well in advance of a particular season and often before apparel trends are confirmed by client purchases. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise purchases. We rely on our merchandising team to order styles and products that our clients will purchase and we rely on our data science recommend which styles to re-buy and the depth of those re-buy purchases. We have not always predicted demand and clients’ preferences with accuracy, which has negatively impacted revenue or resulted in significant write-offs when we have sub-optimal inventory assortment. For instance, in the fourth quarter of fiscal 2022, we experienced weaker consumer demand, which caused us to have higher inventory levels and increased inventory reserves that affected our financial results.

In fiscal year 2024, we closed two fulfillment centers. We believe our inventory is better optimized across a smaller network of warehouses and allows us to deliver a better client experience with access to a greater breadth inventory for a given Fix, while at the same time operating with lower, more cash efficient, inventory levels. This smaller inventory base and our focus on inventory efficiency creates increased risk related to inventory assortment. If we experience sub-optimal inventory assortment to meet demand, it may affect revenue in current and future quarters. If we do not predict client demand accurately, do not reorder or write off the right products in a timely manner, or otherwise do not effectively manage our inventory, we may experience significant inventory write-offs or insufficient inventory to meet demand, which would adversely affect our operating results.

Additionally, many of our inventory vendors utilize third parties to provide financing and credit protection that enables them produce and ship our items. While we do not manage the relationships with our vendors and their financial intermediaries, the tightening of credit markets, as well as our recent operating results, have put pressure on some of our vendors’ ability to secure that financing and credit protection, and may continue to do so in the future. This may impact our ability to receive inventory and manage our assortment.

Our inventory levels also may be affected by product launch delays, consumer demand fluctuations due to macroeconomic factors, uncertainty or otherwise, disruptions in our systems due to upgrades, launches or otherwise, freight delays, vendor

relationships, capacity constraints, and our inability to predict demand with respect to categories or products. For example, freight delays caused by lockdowns due to COVID-19, port closures, port congestion, and shipping container and ship shortages caused us to experience delays in receiving inventory. Freight delays caused by these issues or new issues, including labor disruptions or shortages, may affect us in future quarters. Also, in the past we experienced challenges managing our inventory within the fulfillment centers given storage capacity constraints and challenges hiring fulfillment center employees. Any future such challenges could affect the amount and types of inventory we have available to offer to clients, and therefore negatively affect our operating results.

***Operational constraints at our fulfillment centers or our failure to adequately and effectively staff our fulfillment centers could adversely affect our client experience and operating results.***

We currently receive and distribute merchandise at three fulfillment centers. Prior to the closures of our Dallas, Texas and Bethlehem, Pennsylvania fulfillment centers, we operated five fulfillment centers in the United States. While we believe three fulfillment centers is the appropriate number to provide the greatest breadth and depth of inventory to our clients and Stylists and will allow us to service the same number of existing clients with lower inventory levels, this decreased fulfillment system could cause operational constraints or decreased capacity that could affect our client experience or revenue. Additionally, we may experience operational issues as we continue to transition to our new fulfillment center model which could affect our client experience and financial results.

Severe weather events, including earthquakes, hurricanes, tornadoes, floods, fires, storms, extreme winter weather, and other adverse weather events and climate conditions could also cause operational constraints or temporarily reduce our ability to ship merchandise to clients. For instance, the severe winter weather and temperatures experienced in Texas and other parts of the country in February 2021 caused us to temporarily close two of our fulfillment centers and affected the shipping of merchandise in and out of our fulfillment centers. Future weather events, which we expect to become more frequent and more severe with the increasing effects of climate change, could have a significant impact on our operations and results of operations. Additionally, the impact of such weather events affecting one or more fulfillment centers may be exacerbated due to the fact that we have fewer fulfillment centers to continue operations during such a closure and therefore each individual fulfillment center represents a larger portion of our overall business. Moreover, following our move to three fulfillment centers, each of our Men's and Kids lines are shipped out of one fulfillment center only. If a fulfillment center that houses the entirety of one of those lines is forced to close, it would affect shipments to all of those clients and negatively affect our client experience and operating results. Further, in response to the COVID-19 pandemic, we temporarily closed three of our fulfillment centers and implemented changes that resulted in operational constraints, which in turn temporarily reduced our ability to ship merchandise to clients and earn revenue. Any future pandemics may negatively affect capacity at our fulfillment centers.

We have in the past experienced difficulty hiring employees in our fulfillment centers, which we attributed to COVID-19 concerns and to increased competition and rising wages for eCommerce fulfillment center workers. To address this, we increased wages in our fulfillment centers and implemented other policies in order to be more competitive in hiring employees. These wage increases impacted our operating results. We may in the future have difficulty hiring employees in fulfillment centers due to increased competition or otherwise and we may have to increase wages for our fulfillment center employees, which would impact our operating results. These hiring difficulties caused capacity constraints in our fulfillment centers in the past and could in the future cause capacity constraints. Capacity constraints in our fulfillment centers could affect the amount and types of inventory we have available to offer to clients, which will affect our results of operations. Any capacity constraints due to hiring difficulties may be exacerbated due to the fact that we will have fewer fulfillment centers. If we are unable to adequately staff our fulfillment centers to meet demand, or if the cost of such staffing is higher than projected due to competition, mandated wage increases, regulatory changes, or other factors, our operating results will be further harmed.

In addition, operating fulfillment centers comes with potential risks, such as workplace safety issues and employment claims for the failure or alleged failure to comply with labor laws or laws respecting union organizing activities. Furthermore, if we fail to comply or allegedly fail to comply with wage and hour laws for our nonexempt employees, many of whom work in our fulfillment centers, we could be subject to legal risk, including claims for back wages, unpaid overtime pay, and missed meal and rest periods, which could be on a class or representative basis. Any such issues may result in delays in shipping times, reduced packing quality, or costly litigation, and our reputation and operating results may be harmed.

***Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.***

If we are not able to negotiate acceptable pricing and other terms with our client-facing shipping vendors or our freight vendors, or our shipping or freight vendors experience performance problems or other difficulties, it could negatively impact our operating results and our clients' experience. In addition, our ability to receive inbound inventory efficiently, ship merchandise to clients, and receive returned merchandise from clients may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, public health crises, labor disputes, shortages, or strikes, acts of war or terrorism, periods of high e-commerce volume, such as holiday seasons, and similar factors. Due to our business model and the fact that we recognize revenue from

Fixes when a client checks out items, rather than when Fixes are shipped, we may be impacted by shipping delays to a greater extent than our competitors. Additionally, delays in shipping may cause an auto-ship client's subsequent Fixes to be scheduled for a later date, as their next Fix is not scheduled until their checkout is complete. In the second quarter of our 2021 fiscal year, we experienced carrier and client shipping delays due to the COVID-19 pandemic and the increased strain on our shipping partners during the holiday season. These delays affected our ability to recognize revenue within the quarter, and we may in the future experience these delays and the resulting impact to our financial results, including potentially during future holiday seasons. In the past, strikes at major international shipping ports have impacted our supply of inventory from our vendors and severe weather events have resulted in long delivery delays and Fix cancellations. Additionally, some of our merchandise may be damaged or lost during transit with our shipping vendors. If a greater portion of our merchandise is not delivered in a timely fashion or is damaged or lost during transit, it could adversely affect our operating results or could cause our clients to become dissatisfied and cease using our services, which would adversely affect our business.

***Our business, including our costs and supply chain, is subject to risks associated with the sourcing and pricing of merchandise and raw materials.***

We currently source nearly all of the merchandise that we offer from third-party vendors, many of whom use manufacturers in the same geographic region, and as a result we may be subject to price increases or fluctuations, inflationary pressures, tariffs, demand disruptions, increased shipping or freight costs, or shipping delays in connection with our merchandise. Increased shipping or freight costs or shipping and freight delays could be caused or exacerbated by labor disputes, shortages, or strikes, inclement weather, fire, flood, power loss, earthquakes, public health crises such as a pandemic, acts of war or terrorism, and periods of high e-commerce volume. Our operating results have been negatively impacted by increases in the cost of our merchandise, and we have no guarantees that costs will not rise further or at increasing rates. During his campaign, President-Elect Trump expressed various intentions to impose tariffs on goods shipped from China or other countries to the United States, including up to 60% tariffs on goods shipped from China. If the new administration implements these tariffs or other tariffs on goods shipped from China, it would likely increase the cost of our merchandise and negatively impact our operating results.

The fabrics used by our vendors are made of raw materials including, but not limited to, petroleum-based products, linen, and cotton. Significant price increases or fluctuations, currency volatility or fluctuation, tariffs, shortages, increases in shipping or freight costs, or shipping delays of petroleum, cotton, linen, or other raw materials could significantly increase our cost of goods sold or affect our operating results. Additionally, we have limited visibility into delays and limited control over shipping. We have also experienced increased costs of goods due to increases in the price of raw materials, inflationary pressures, rising fuel and other energy costs, and currency volatility. Any additional price increases will affect our operating results.

Other factors such as natural disasters have in the past increased raw material costs, impacted pricing with certain of our vendors, and caused shipping delays for certain of our merchandise. Also, the U.S. government's ban on cotton imported from the Xinjiang region of China, the source of a large portion of the world's cotton supply, may impact prices and the availability of cotton for our merchandise. Additionally, our products and materials (including potentially non-cotton materials) could be held for inspection by the United States Customs Border Protection (the "U.S. CBP"), which would cause delays and unexpectedly affect our inventory levels. In addition, the labor costs to produce our products may fluctuate. In the event of a significant disruption in the supply of fabrics or raw materials used in the manufacture of the merchandise we offer, our vendors might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. Any delays, interruption, damage to, or increased costs in raw materials or the manufacture of the merchandise we offer could result in higher prices to acquire the merchandise, or non-delivery of merchandise altogether, and could adversely affect our operating results.

In addition, we cannot guarantee that merchandise we receive from vendors will be of sufficient quality or free from damage, or that such merchandise will not be damaged during shipping, while stored in one of our fulfillment centers, or when returned by customers. While we take measures to ensure merchandise quality and avoid damage, we cannot control merchandise while it is out of our possession. We may incur additional expenses and our reputation could be harmed if clients and potential clients believe that our merchandise is not of high quality or may be damaged.

***We may not be able to return to revenue growth and we may not be profitable in the future.***

Our past revenue growth and profitability should not be considered indicative of our future performance. Our revenue decreased by 16.0% in fiscal year 2024 compared to 2023, decreased by 21.1% in fiscal year 2023 compared to 2022, and decreased by 2.2% in fiscal year 2022 compared to 2021. Our revenue may continue to decline in future periods due to a number of factors, which may include our inability to attract and retain clients, general economic conditions, including a recession or decreased discretionary consumer spending, decreases in marketing spend, a decreased demand for our merchandise and service, increased competition, decreases in the growth rate of our overall market, or our failure to capitalize on growth opportunities.



We announced a restructuring plan in June 2022, intended to reduce our future fixed and variable operating costs. However, our restructuring plan may not adequately reduce expenses or impact our results as we anticipate. Moreover, our expenses may increase, particularly if we develop and introduce new merchandise offerings, including the re-imagining of our client experience, need to hire and retain personnel, or increase investment in our marketing initiatives. We may not always pursue short-term profits but are often focused on long-term growth, which may impact our short-term financial results. If our revenue does not increase to offset increases in our operating expenses, we may not be profitable in future periods.

***If we fail to effectively manage our transformation or other business strategies, our financial condition and operating results could be harmed.***

We must continue to implement our operational plans and strategies, and improve our infrastructure of people and technology. Additionally, we expect to continue to introduce new offerings, business strategies and initiatives, and improve on existing offerings. We have announced that the Company is embarking on a transformation to strengthen the foundation of our business and to reimagine the client experience. This includes embedding retail best practices across the enterprise, identifying operational efficiencies, and ensuring we have the right organizational structure in place to enable our future success. We are also taking a holistic approach to rethink how our clients engage with Stitch Fix. This transformation requires investments of time and resources and has included and will continue to include changes in our website, branding, mobile apps, information technology systems, and processes. We cannot guarantee that we will successfully implement all aspects of our transformation plan in the expected timeframe or at all, or that we will achieve or sustain the expected financial and operational results of our transformation plan. Additionally, if our reimagined client experience or rebranding does not resonate with current or future clients, it could cause us to lose clients and may negatively impact our financial results. If we do not realize the expected benefits of these transformation initiatives or experience additional unexpected costs in connection with the transformation, our business, financial condition, results of operations, and cash flow could be negatively impacted.

Additionally, as we continue to implement these changes and introduce future business strategies and initiatives, our operations, vendor base, fulfillment centers, information technology systems, or internal controls and procedures may not be adequate to support our changing operations. Any change or upgrade to our systems to support the increasing complexity of our business involves risk and we may experience problems or delays as we make upgrades or changes to our systems. For example, in the first quarter of fiscal 2022, we experienced technical issues following a systems upgrade to our procure-to-pay processes which affected the transmission, receipt, and reconciliation of purchase orders and payments with many of our apparel and accessory vendors. Additionally, if the impact of these initiatives is more or less successful than we expected, it could affect our inventory management, resulting in inventory shortages or excess inventory in the case of significant underperformance. If we are unable to manage the transformation and potential growth of our organization effectively or if our strategies do not produce the anticipated results, or cause unanticipated issues, our business, financial condition, and operating results may be adversely affected.

***If we fail to attract and retain key personnel, effectively manage succession, or hire, develop, and motivate our employees, our business, financial condition, and operating results could be adversely affected.***

Our success depends in part on our ability to attract and retain key personnel on our management team and in our merchandising, algorithms, engineering, marketing, styling, and other organizations. We do not currently maintain key-person life insurance policies on any member of our senior management team or other key employees.

We do not have long-term employment or non-competition agreements with any of our personnel. We have had senior employees leave Stitch Fix, including recently the roles of Chief Merchandising Officer and Chief Accounting Officer, and cannot necessarily anticipate when this will happen in the future and whether we will be able to promptly replace such employees. Additionally, in January 2023, the Company and Elizabeth Spaulding, the Company's then-current Chief Executive Officer, agreed that she would step down from her employment with the Company. The Board of Directors appointed Katrina Lake, the Company's Founder and Executive Chairperson of the Board of Directors, as interim Chief Executive Officer. Ms. Lake served in that position until Matt Baer joined as Chief Executive Officer in June 2023. The recent frequent changes in our management team and senior leadership could cause retention and morale concerns among current employees, as well as operational risks. And if Mr. Baer's succession to Chief Executive Officer is not managed successfully, including his ability to lead a team that can effectively implement the Company's strategic plans, including our transformation strategy, it could disrupt our business, affect our Company culture, cause retention concerns with respect to our colleagues, and affect our financial condition and operating results. Additionally, the loss of one or more of our key personnel or the inability to promptly identify a suitable successor to a key role could have an adverse effect on our business.

We may experience increased employee turnover as a result of the general market conditions and a competitive talent market within the U.S., as well as Company-specific factors, such as share price decline, business performance, and leadership changes. We announced a restructuring plan in June 2022 that reduced our workforce and announced a further reduction in force in January 2023. In June 2023, we announced the closure of two fulfillment centers and in August 2023, we made the decision to exit our UK business and wind down its operations. In January 2024, we implemented an organization realignment

that resulted in the further elimination of styling leadership and corporate positions, as well as moved all of our Stylists into part-time positions. And in October 2024, we implemented an additional organizational realignment which further eliminated certain corporate positions. These reductions in workforce and changes in our operations may cause additional attrition and affect employee morale, including in our Stylist organization. Additionally, as we are operating our business with fewer employees, we face additional risk that we might not be able to execute on our strategic plans and product roadmap, which may have an adverse effect on our business, financial condition, and operating results.

We also face significant competition for personnel, particularly in our technology and product organizations. To attract top talent, we have had to offer, and believe we will need to continue to offer, competitive compensation and benefits packages before we can validate the productivity of those employees.

We cannot be sure that we will be able to attract, retain, and motivate a sufficient number of qualified personnel in the future, or that the compensation costs of doing so will not adversely affect our operating results. Additionally, we may not be able to hire and train new employees quickly enough to meet our needs. If we fail to retain employees and effectively manage our hiring needs, our efficiency, ability to meet forecasts, employee morale, productivity, and the success of our strategic plans, transformation strategy, and product roadmap could suffer, which may have an adverse effect on our business, financial condition, and operating results.

***Our business depends on a strong brand and we may not be able to maintain our brand and reputation.***

We believe that maintaining the Stitch Fix brand and reputation is critical to driving client engagement and attracting clients and merchandise vendors. Building our brand will depend largely on our ability to continue to provide our clients with an engaging and personalized client experience, including valued personal styling services, high-quality and appealing merchandise, and appropriate price points, which we may not do successfully. Client complaints or negative publicity about our styling services, merchandise, delivery times, or client support, especially on social media platforms, could harm our reputation and diminish client use of our services, the trust that our clients place in Stitch Fix, and vendor confidence in us.

Our brand depends in part on effective client support, which requires significant personnel expense. Failure to manage or train our client support representatives properly or inability to handle client complaints effectively could negatively affect our brand, reputation, and operating results.

If we fail to cost-effectively promote and maintain the Stitch Fix brand, our business, financial condition, and operating results may be adversely affected.

***If we fail to effectively manage our Stylists, our business, financial condition, and operating results could be adversely affected.***

As of November 2, 2024, approximately 1,925 of our employees were stylists. In January 2024, we moved to a part-time only stylist model, and all of our Stylists now work on a part-time basis and are paid hourly. The Stylists track and report the time they spend working for us. These employees are classified as nonexempt under federal and state law. If we fail to effectively manage our Stylists, including by ensuring accurate tracking and reporting of their hours worked and proper processing of their hourly wages, then we may face claims alleging violations of wage and hour employment laws, including, without limitation, claims of back wages, unpaid overtime pay, and missed meal and rest periods. Any such employee litigation could be attempted on a class or representative basis, or other form of multi-plaintiff litigation. For example, in August 2020, a representative action under California's Private Attorneys General Act was filed against us alleging various violations of California's wage and hour laws relating to our current and former non-exempt Stylist employees. While we were able to settle this matter, and we no longer employ Stylists in California, future litigation concerning our styling employees could be expensive and time-consuming regardless of whether the claims against us are valid or whether we are ultimately determined to be liable, and could divert management's attention from our business. We could also be adversely affected by negative publicity, litigation costs resulting from the defense of these claims, and the diversion of time and resources from our operations.

***If we are unable to acquire new merchandise vendors or retain existing merchandise vendors, our operating results may be harmed.***

We offer merchandise from both established and emerging brands. In order to continue to attract and retain quality merchandise brands, we must be a promising retailer of their products. If we do not continue to acquire new merchandise vendors or retain our existing merchandise vendors on acceptable commercial terms, we may not be able to maintain a broad selection of products for our clients, and our operating results may suffer.

In addition, our Owned Private Label Brands are sourced from third-party vendors and contract manufacturers. The loss of one of our Owned Private Label Brand vendors for any reason, or our inability to source any additional vendors needed for our Owned Private Label Brands, could require us to source Owned Private Label Brands merchandise from another vendor or manufacturer, which could cause inventory delays, impact our clients' experiences, and otherwise harm our operating results.

***We may incur significant losses from fraud.***

We have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a client did not authorize a purchase, merchant fraud, and clients who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments. Our clients may re-use their login information (i.e., username and password combination) across multiple websites and, therefore, when a third-party website experiences a data breach, that information could be exposed to bad actors and be used to fraudulently access our clients' accounts. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are typically liable for fraudulent credit card transactions. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action, and lead to expenses that could substantially impact our operating results.

***Our real estate leases subject us to various financial risks.***

We lease our Company headquarters in San Francisco, additional office space in Austin, Texas, and four fulfillment centers. The terms of our leases are between 6 and 12.5 years. We currently sub-lease our office space in Austin, Texas and a fulfillment center in Salt Lake City, Utah, to multiple sub-tenants. We are also actively marketing portions of our San Francisco headquarters space and may decide to sub-lease additional portions of our other fulfillment centers. If we are unable to sub-lease the space in our Company headquarters or other leased space on favorable terms, or at all, it will affect our cash flow and may affect our results of operations. Additionally, if our sub-tenants fail to make lease payments or otherwise default on their obligations to us, we could incur unanticipated payment obligations which could affect our free cash flow and other results of operations.

***We are subject to payment-related risks.***

We accept payments online via credit and debit cards and online payment systems such as PayPal, which subjects us to certain regulations and fraud. We may in the future offer new payment options to clients that would be subject to additional regulations and risks. We pay interchange and other fees in connection with credit card payments, which may increase over time and adversely affect our operating results. While we use a third party to process payments, we are subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers. If we fail to comply with applicable rules and regulations, we may be subject to fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. If any of these events were to occur, our business, financial condition, and operating results could be adversely affected.

**Risks Relating to our Industry, the Market, and the Economy**

***We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends.***

Our business and operating results are subject to national and global economic conditions and their impact on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment; higher consumer debt levels; reductions in net worth and declines in asset values; macroeconomic uncertainty; increased inflationary pressures; recessionary concerns; home foreclosures and reductions in home values; fluctuating interest rates, and credit availability; rising fuel and other energy costs; rising commodity prices; and general uncertainty regarding the overall future political and economic environment. We have experienced many of these factors, including current inflationary pressures, and have experienced negative impacts on client demand and discretionary spending as a result. Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Furthermore, economic conditions in certain regions may also be affected by natural disasters, such as hurricanes, tropical storms, earthquakes, and wildfires; public health crises; and other major unforeseen events.

Adverse economic changes could reduce consumer confidence, and could thereby negatively affect our operating results. In challenging and uncertain economic environments, we cannot predict whether or when such circumstances may improve or worsen, or what impact such circumstances could have on our business. Additionally, the ongoing volatile and uncertain macroeconomic environment that we have been experiencing since the onset of the COVID-19 pandemic has likely reduced, and may continue to reduce, our ability to forecast our future operating results.

***Our industry is highly competitive and if we do not compete effectively our operating results could be adversely affected.***

The retail apparel industry is highly competitive. We compete with eCommerce companies that market the same or similar merchandise and services that we offer; local, national, and global retail stores; specialty retailers; discount chains; the online offerings of traditional retail competitors; and less traditional online retailers. Additionally, we experience competition for consumer discretionary spending from other product and experiential categories. We believe our ability to compete depends on many factors within and beyond our control, including:

- effectively differentiating our service and value proposition from those of our competitors;
- attracting new clients and engaging with and retaining existing clients;
- our direct relationships with our clients and their willingness to share personal information with us;
- further developing our data science and AI capabilities;
- maintaining favorable brand recognition and effectively marketing our services to clients;
- delivering merchandise that each client perceives as personalized to them;
- the amount, diversity, and quality of brands and merchandise that we or our competitors offer;
- our ability to maintain and expand appealing Owned Private Label Brands and exclusive-to-Stitch Fix merchandise;
- the price at which we are able to offer our merchandise;
- the speed and cost at which we can deliver merchandise to our clients and the ease with which they can use our services to return merchandise; and
- anticipating and quickly responding to changing apparel trends and consumer shopping preferences.

Many of our current competitors have, and potential competitors may have, longer operating histories; larger fulfillment infrastructures; greater technical capabilities; faster shipping times; lower-cost shipping; larger databases; more purchasing power; higher profiles; greater financial, marketing, institutional, and other resources; and larger customer bases than we do. Mergers and acquisitions by these companies may lead to even larger competitors with more resources. These factors may allow our competitors to derive greater revenue and profits from their existing customer bases; acquire customers at lower costs; or respond more quickly than we can to new or emerging technologies, changes in apparel trends and consumer shopping behavior, and changes in supply conditions. These competitors may engage in more extensive research and development efforts, enter or expand their presence in the personalized retail market, undertake more far-reaching marketing campaigns, and adopt more aggressive pricing policies, which may allow them to build larger customer bases or generate revenue from their existing customer bases more effectively than we do. If we fail to execute on any of the above better than our competitors, our operating results may be adversely affected.

***Our operating results have been, and could be in the future, adversely affected by natural disasters, public health crises, political crises, or other catastrophic events.***

Natural disasters, such as earthquakes, hurricanes, tornadoes, floods, fires, severe winter weather, and other adverse weather events and climate conditions, which we expect to become more frequent and more severe with the increasing effects of climate change; unforeseen public health crises, such as the COVID-19 pandemic or other pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability, including the ongoing international conflicts; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations or cause us to close one or more of our offices and fulfillment centers or could disrupt, delay, or otherwise negatively impact the operations of one or more of our third-party providers or vendors. For instance, the severe winter weather and temperatures experienced in Texas and other parts of the country in February 2021 caused us to temporarily close two of our fulfillment centers and affected the shipping of merchandise in and out of fulfillment centers. These types of events could impact our merchandise supply chain, including our ability to ship merchandise to or receive returned merchandise from clients in the impacted region, and could impact our ability or the ability of third parties to operate our sites and ship merchandise. In addition, these types of events could negatively impact consumer spending in the impacted regions.

In fact, the COVID-19 pandemic disrupted our operations in and caused us to temporarily close our offices and require that most of our employees work from home; disrupted our operations in and caused us to close fulfillment centers; required us to implement various operational changes to ensure the health and safety of our employees; had a range of negative effects on the operations of our third-party providers and vendors, including our merchandise supply chain and shipping partners; and negatively impacted consumer spending and the economy generally due to measures taken to contain the spread of COVID-19, such as government-mandated business closures, office closures, and travel and transportation restrictions. We experienced reduced capacity in the third quarter of fiscal year 2020 as we temporarily closed three of our fulfillment centers and we implemented additional safety protocols. These efforts resulted in significantly less capacity in our fulfillment centers during the third quarter of fiscal year 2020, which resulted in delayed Fix shipments, a significant Fix backlog, delayed inventory and return processing, extended wait times for clients, and inventory management challenges. The COVID-19 pandemic and resulting economic disruption also led to significant volatility in the capital markets. Since the COVID-19 pandemic, most non-fulfillment center employees continue to work in a remote capacity with some in a hybrid of in-person and remote work. Remote working environments present additional risks, uncertainties and costs that could affect our performance, including increased operational risk, uncertainty regarding office space needs, heightened vulnerability to cyber attacks, potential reduced productivity, changes to our Company culture, potential strains to our business continuity plans, and increased costs to ensure

our offices are safe and functional as hybrid offices that enable effective collaboration of both remote and in-person colleagues. The COVID-19 pandemic caused many risks as described above and throughout these risk factors to materialize and adversely affected our business and operating results. Any future natural disasters, pandemics, or crises could disrupt our operations or negatively impact consumer spending, adversely affecting our business and results of operations.

### **Cybersecurity, Legal and Regulatory Risks**

***System interruptions that impair client access to our website or other performance failures in our technology infrastructure could damage our business.***

The satisfactory performance, reliability, integrity and availability of our website, mobile application, internal applications, and technology infrastructure (and those of our third-party vendors and service providers) are critical to our business. We rely on our website and mobile application to engage with our clients and sell them merchandise. We also rely on a host of internal custom-built applications to run critical business functions, such as styling, merchandise purchasing, warehouse operations, and order fulfillment. In addition, we rely on a variety of third-party, cloud-based solution vendors for key elements of our technology infrastructure. These systems may be vulnerable to damage or interruption and we have experienced interruptions in the past. For example, in February 2017, as a result of an outage with Amazon Web Services, where much of our technology infrastructure is hosted, we experienced disruptions in applications that support our warehouse operations and order fulfillment that caused a temporary slowdown in the number of Fix shipments we were able to make. Additionally, the launch of a new client experiences or offerings requires investments in and the development of new technology, which may be more susceptible to performance issues or interruptions. Interruptions may be caused by a variety of events, including human error, our failure to update or improve our proprietary systems, cyber attacks, fire, flood, earthquake, power loss, or telecommunications failures. Any failure or interruption of our website, mobile application, internal business applications, or our technology infrastructure (including any such issues with our third-party vendors and service providers) could harm our ability to serve our clients, which would adversely affect our business and operating results.

***Compromises of our data security or that of our third-party service providers could cause us to incur unexpected expenses and may materially harm our reputation and operating results.***

In the ordinary course of our business, we and our vendors and service providers collect, process, and store certain personal information and other data relating to individuals, such as our clients and employees, which may include personally identifiable information, including but not limited to, name, address, social security numbers, client payment card information, and client style preferences. We rely substantially on commercially available systems, software, tools, and monitoring to provide security for our processing, transmission, and storage of personal information and other confidential information. There can be no assurance, however, that we or our vendors will not suffer a data compromise, that malicious actors will not gain access to personal information or other sensitive data, including payment card data or confidential business information, or that any such data compromise or unauthorized access will be discovered in a timely fashion. The techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against a target, and we and our vendors may be unable to anticipate these techniques or to implement adequate preventative measures. As we have moved to a more remote and hybrid work force, and as our vendors and other business partners have also moved to permanent or hybrid remote work as well, we and our partners may be more vulnerable to cyber attacks. In addition, our employees, contractors, vendors, or other third parties with whom we do business may accidentally or intentionally circumvent security measures in order to misappropriate such personal information, confidential information, or other data, or may inadvertently release or compromise such data.

Compromise of our data security or the data security of third parties with whom we do business, failure to prevent or mitigate the loss of personal or business information, and delays in detecting or providing prompt notice of any such compromise or loss could disrupt our operations, damage our reputation, and subject us to litigation, government action, or other additional costs and liabilities that could adversely affect our business, financial condition, and operating results.

***Some of our software and systems contain open source software, which may pose particular risks to our proprietary applications.***

We use open source software in the applications we have developed to operate our business and will use open source software in the future. We may face claims from third parties demanding the release or license of the open source software or derivative works that we developed from such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. In addition, our use of open source software may present additional security risks because the source code for open source software is publicly available, which may make it easier for malicious actors to determine how to breach our website and systems that rely on open source software. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on our business and operating results.

***Adverse litigation judgments or settlements resulting from legal proceedings in which we are or may be involved could expose us to monetary damages or limit our ability to operate our business.***

Currently, we are involved in various legal proceedings, including the securities litigation and other matters described elsewhere herein. We have in the past and may in the future become involved in other private actions, collective actions, investigations, and various other legal proceedings by clients, employees, suppliers, competitors, government agencies, stockholders, or others. The results of any such litigation, investigations, and other legal proceedings are inherently unpredictable and expensive. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, damage our reputation, require significant amounts of management time, and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have an adverse effect on our business, financial condition, and operating results.

***Any failure by us or our vendors to comply with product safety, labor, or other laws, or our standard vendor terms and conditions, or to provide safe factory conditions for our or their workers, may damage our reputation and brand, and harm our business.***

The merchandise we sell to our clients is subject to regulation by the Federal Consumer Product Safety Commission, the Federal Trade Commission, and similar state and international regulatory authorities. As a result, such merchandise could in the future be subject to recalls and other remedial actions. Product safety, labeling, and licensing concerns may result in us voluntarily removing selected merchandise from our inventory. Such recalls or voluntary removal of merchandise can result in, among other things, lost sales, diverted resources, potential harm to our reputation, and increased client service costs and legal expenses, which could have a material adverse effect on our operating results.

Some of the merchandise we sell, including our children's merchandise, may expose us to product liability claims and litigation or regulatory action relating to personal injury or environmental or property damage. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all. In addition, some of our agreements with our vendors may not indemnify us from product liability for a particular vendor's merchandise or our vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations.

We purchase our merchandise from numerous domestic and international vendors. Our standard vendor terms and conditions require vendors to comply with applicable laws. We have hired independent firms that conduct audits of the working conditions at the factories producing our Owned Private Label Brands products. If an audit reveals potential problems, we require that the vendor institute corrective action plans to bring the factory into compliance with our standards, or we may discontinue our relationship with the vendor. The loss of an Owned Private Label Brands vendor due to failure to comply with our standards could cause inventory delays, impact our clients' experiences, and otherwise harm our operating results. In addition, failure of our vendors to comply with applicable laws and regulations and contractual requirements could lead to litigation against us, resulting in increased legal expenses and costs. Furthermore, the failure of any such vendors to provide safe and humane factory conditions and oversight at their facilities could damage our reputation with clients or result in legal claims against us.

China's Xinjiang Uyghur Autonomous Region (the "XUAR") is the source of large amounts of cotton and textiles for the global apparel supply chain. The United States Treasury Department placed sanctions on China's Xinjiang Production and Construction Corporation ("XPCC") for serious human rights abuses against ethnic minorities in XUAR. Additionally, the U.S.'s Uyghur Forced Labor Prevention Act ("UFLPA"), empowers the U.S. Customs and Border Protection Agency (the "U.S. CBP") to withhold release of items produced in whole or in part in the XUAR, or produced by companies included on a government-created UFLPA entity list, creating a presumption that such goods were produced using forced labor. XPCC controls many of the cotton farms and much of the textile industry in the region, and many large factories in XUAR produce fabrics and yarn for apparel. Although we do not intentionally source any products or materials from the XUAR (either directly or indirectly through our suppliers), we have no known involvement with XPCC or its subsidiaries and affiliates, and we prohibit our apparel vendors from doing business with XPCC or using forced labor, we do not have the ability to completely map our product supply chain, and we could be subject to penalties, fines or sanctions if any of the vendors from which we purchase goods is found to have dealings, directly or indirectly, with XPCC or entities it controls. Additionally, our products or materials (including potentially non-cotton materials) could be held or delayed by the U.S. CBP, which would cause delays and unexpectedly affect our inventory levels. Even if we were not subject to penalties, fines or sanctions, if products we source are linked in any way to XPCC, the XUAR, or an entity on the UFLPA entity list, our reputation could be damaged.

***Our use of personal information, other personal data, and sensitive information subjects us to privacy laws and other obligations (such as cybersecurity and data protection in contracts), and our compliance with or failure to comply with such obligations could harm our business.***

We collect and maintain significant amounts of personal information and other data relating to our clients and employees. Numerous laws, rules, and regulations in the United States and internationally, including the European Union's General Data Protection Regulation (the "GDPR"), California's Consumer Privacy Act (the "CCPA"), California Privacy Rights Acts of 2020 ("CPRA"), and the UK's Data Protection Act (the "UK GDPR"), govern privacy and the collection, use, and protection of personal information. These laws, rules, and regulations evolve frequently and may be inconsistent from one jurisdiction to another or may be interpreted to conflict with our practices. Any failure or perceived failure by us or any third parties with which we do business to comply with these laws, rules, and regulations, or with other obligations to which we may be or become subject, may result in actions against us by governmental entities, private claims and litigation, fines, penalties, or other liabilities. Any such action could be expensive to defend, damage our reputation, and adversely affect our business and operating results.

The CCPA, as amended by the CPRA (collectively, "CCPA"), applies to personal information of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for administrative fines of up to \$7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. In addition, the CPRA expanded the CCPA's requirements, including by adding a new right for individuals to correct their personal information and establishing a new regulatory agency to implement and enforce the law. A number of other states, such as Virginia and Colorado, have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels. These developments further complicate compliance efforts, and increase legal risk and compliance costs for us and the third parties upon whom we rely. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination, and security of data. Further, the SEC has adopted new rules that require us to provide greater disclosures around proactive security protections that we employ and regarding security incidents. Any such disclosures, including those under state data breach notification laws, can be costly, and the disclosures we make to comply with, or the failure to comply with, such requirements could lead to adverse consequences.

The costs of compliance with and other burdens imposed by privacy and data security laws and regulations may reduce the efficiency of our marketing, lead to negative publicity, make it more difficult or more costly to meet expectations of or commitments to clients, or lead to significant fines, penalties or liabilities for noncompliance, any of which could harm our business. These laws could also impact our ability to offer our products in certain locations. The costs, burdens, and potential liabilities imposed by existing privacy laws could be compounded if other jurisdictions in the U.S. begin to adopt similar or more restrictive laws.

Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit clients' use of our service or harm our brand and reputation. Furthermore, our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in such contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. Also, although we maintain insurance, the costs related to significant security breaches or disruptions could be material and could cause us to incur significant expenses beyond any of our insurance coverage.

Any of these matters could materially adversely affect our business, financial condition, or operating results.

***Unfavorable changes or failure by us to comply with evolving internet and eCommerce regulations could substantially harm our business and operating results.***

We are subject to general business regulations and laws as well as regulations and laws specifically governing the internet and eCommerce. These regulations and laws may involve taxes, privacy and data security, consumer protection, the ability to collect or share necessary information that allows us to conduct business on the internet, marketing communications and advertising, content protection, electronic contracts, or gift cards. Furthermore, the regulatory landscape impacting internet and eCommerce businesses is constantly evolving. For example, California's Automatic Renewal Law requires companies to adhere to enhanced disclosure requirements when entering into automatically renewing contracts with consumers. As a result, a wave of consumer class action lawsuits was brought against companies that offer online products and services on a subscription or recurring basis. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, lost business, and proceedings or actions against us by governmental entities or others, which could impact our operating results. Furthermore, any additional regulations that govern our business, including additional automatic renewal laws, may be costly to comply with or cause us to have to alter the way we run our business.

***If the use of “cookie” tracking technologies is further restricted, regulated, or blocked, or if changes in technology cause cookies to become less reliable or acceptable as a means of tracking consumer behavior, the amount or accuracy of internet user information we collect would decrease, which could harm our business and operating results.***

Cookies are small data files that are sent by websites and stored locally on an internet user’s computer or mobile device. We, and third parties who work on our behalf, collect data via cookies that is used to track the behavior of visitors to our sites, to provide a more personal and interactive experience, and to increase the effectiveness of our marketing. However, internet users can easily disable, delete, and block cookies directly through browser settings or through other software, browser extensions, or hardware platforms that physically block cookies from being created and stored.

Privacy regulations restrict how we deploy our cookies and this could potentially (a) increase the number of internet users that choose to proactively disable cookies on their systems or (b) cause our business partners, service providers, or vendors to no longer maintain their cookie processes. We may have to develop alternative systems to determine our clients’ behavior, customize their online experience, or efficiently market to them if clients block cookies or regulations introduce additional barriers to collecting cookie data.

***If we cannot successfully protect our intellectual property, our business would suffer.***

We rely on trademark, copyright, trade secrets, patents, confidentiality agreements, and other practices to protect our brands, proprietary information, technologies, and processes. Our principal trademark assets include the registered trademarks “Stitch Fix” and “Fix,” multiple private label clothing and accessory brand names, and our logos and taglines. Our trademarks are valuable assets that support our brand and consumers’ perception of our services and merchandise. We also hold the rights to the “stitchfix.com” internet domain name and various other related domain names, which are subject to internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names in the United States, the UK, or in other jurisdictions in which we may ultimately operate, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our operating results would be adversely impacted.

The patents we own in the United States and those that may be issued in the future may not provide us with any competitive advantages or may be challenged by third parties, and our patent applications may never be granted. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property or survive a legal challenge, as the legal standards relating to the validity, enforceability, and scope of protection of patent and other intellectual property rights are uncertain. Our limited patent protection may restrict our ability to protect our technologies and processes from competition. We primarily rely on trade secret laws to protect our technologies and processes, including the algorithms we use throughout our business. Others may independently develop the same or similar technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position.

***We may be accused of infringing intellectual property rights of third parties.***

We are also at risk of claims by others that we have infringed their copyrights, trademarks, or patents, or improperly used or disclosed their trade secrets. The costs of supporting any litigation or disputes related to these claims can be considerable, and we cannot assure that we will achieve a favorable outcome of any such claim. If any such claims are valid, we may be compelled to cease our use of such intellectual property and pay damages, which could adversely affect our business. Even if such claims are not valid, defending them could be expensive and distracting, adversely affecting our operating results.

## **Risks Relating to Taxes**

***Changes in U.S. tax or tariff policy regarding apparel produced in other countries could adversely affect our business.***

A predominant portion of the apparel we sell is originally manufactured in countries other than the United States. International trade disputes that result in tariffs and other protectionist measures could adversely affect our business, including disruption and cost increases in our established patterns for sourcing our merchandise and increased uncertainties in planning our sourcing strategies and forecasting our margins. For example, in recent years, the U.S. government imposed significant new tariffs on China related to the importation of certain product categories, including apparel, footwear, and other goods. A substantial portion of our products are manufactured in China. As a result of these tariffs, our cost of goods imported from China increased slightly. During his campaign, President-Elect Trump expressed various intentions to impose tariffs on goods shipped from China or other countries to the United States, including up to 60% tariffs on goods shipped from China. If the new administration implements these tariffs or other tariffs, it would likely increase the cost of our merchandise and negatively impact our operating results. Although we continue to work with our vendors to mitigate our exposure to current or potential tariffs, there can be no assurance that we will be able to offset any increased costs. Other changes in U.S. tariffs, quotas, trade relationships, or tax provisions could also reduce the supply of goods available to us or increase our cost of goods. Although such changes would have implications across the entire industry, we may fail to effectively adapt to and manage the adjustments in strategy that would be necessary in response to those changes. In addition to the general uncertainty and overall



risk from potential changes in U.S. laws and policies, as we make business decisions in the face of such uncertainty, we may incorrectly anticipate the outcomes, miss out on business opportunities, or fail to effectively adapt our business strategies and manage the adjustments that are necessary in response to those changes. These risks could adversely affect our revenues, reduce our profitability, and negatively impact our business.

***We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our clients would have to pay for our offering and adversely affect our operating results.***

In general, we had not historically collected state or local sales, use, or other similar taxes in any jurisdictions in which we do not have a tax nexus, in reliance on court decisions and/or applicable exemptions that restrict or preclude the imposition of obligations to collect such taxes with respect to the online sales. In addition, we have not historically collected state or local sales, use, or other similar taxes in certain jurisdictions in which we do have a physical presence, in reliance on applicable exemptions. On June 21, 2018, the U.S. Supreme Court decided, in *South Dakota v. Wayfair, Inc.*, that state and local jurisdictions may, at least in certain circumstances, enforce a sales and use tax collection obligation on remote vendors that have no physical presence in such jurisdiction. All states have now enacted legislation to require sales and use tax collection by remote vendors and by online marketplaces. The details and effective dates of these collection requirements vary from state to state. While we now collect, remit, and report sales tax in all states that impose a sales tax, it is still possible that one or more jurisdictions may assert that we have liability from previous periods for which we did not collect sales, use, or other similar taxes, and if such an assertion or assertions were successful it could result in substantial tax liabilities, including for past sales taxes and penalties and interest, which could materially adversely affect our business, financial condition, and operating results.

***Federal income tax reform could have unforeseen effects on our financial condition and results of operations.***

New income or other tax laws or regulations could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws and regulations could be interpreted, modified, or applied adversely to us. For example, the Tax Cuts and Jobs Act (the “Tax Act”) and CARES Act enacted many significant changes to the U.S. tax laws. Future guidance from the IRS and other tax authorities with respect to the Tax Act and CARES Act may affect us, and certain aspects of the Tax Act and CARES Act could be repealed or modified in future legislation. Further regulatory or legislative developments may also arise. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. To the extent that such changes have a negative impact on us, our suppliers or our clients, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flows.

***We may be subject to additional tax liabilities, which could adversely affect our operating results.***

We are subject to income- and non-income-based taxes in the United States under federal, state, and local jurisdictions. The governing tax laws and applicable tax rates vary by jurisdiction and are subject to interpretation. Various tax authorities may disagree with tax positions we take and if any such tax authorities were to successfully challenge one or more of our tax positions, the results could have a material effect on our operating results. Further, the ultimate amount of tax payable in a given financial statement period may be materially impacted by sudden or unforeseen changes in tax laws, changes in the mix and level of earnings by taxing jurisdictions, or changes to existing accounting rules or regulations. The determination of our overall provision for income and other taxes is inherently uncertain as it requires significant judgment around complex transactions and calculations. As a result, fluctuations in our ultimate tax obligations may differ materially from amounts recorded in our financial statements and could adversely affect our business, financial condition, and operating results in the periods for which such determination is made.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

As of August 3, 2024, we had federal and state net operating loss carryforwards of \$186.7 million and \$328.5 million, respectively. The federal net operating loss carryforwards may be carried forward indefinitely; state net operating loss carryforwards will expire, if not utilized, beginning in 2025. The ability to use our net operating loss carryforwards depends on the availability of future taxable income. In addition, as of August 3, 2024, we had federal and California research and development tax credit carryforwards of \$57.1 million and \$24.1 million, respectively. The federal research and development credits will begin to expire in 2036, if not utilized; California research and development credits do not have an expiration date. A portion of our tax attributes may be subject to Sections 382 and 383 of the Internal Revenue Code and similar state provisions, which sets limitations arising from ownership changes. Any potential limitations on our ability to offset future income with our tax attributes could result in increased future tax liability to us.

## Risks Relating to Ownership of Our Class A Common Stock

*The market price of our Class A common stock may continue to be volatile or may decline steeply or suddenly regardless of our operating performance and we may not be able to meet investor or analyst expectations. You may lose all or part of your investment.*

The market price of our Class A common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated decreases in our client base, the level of client engagement, client acquisition and retention, and revenue and other operating results;
- variations between our actual operating results and the expectations of securities analysts, investors, and the financial community;
- any forward-looking financial or operating information we may provide to the public or securities analysts, any changes in this information, or our failure to meet expectations based on this information;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our Company, or our failure to meet these estimates or the expectations of investors;
- repurchases of our Class A common stock pursuant to our share repurchase program, which could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock;
- whether investors or securities analysts view our stock structure unfavorably, particularly our dual-class structure and the significant voting control of our directors, executive officers, and their affiliates;
- additional shares of our Class A common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- changes in operating performance and stock market valuations of companies in our industry, including our vendors and competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- targeted efforts of social media or other groups to transact in and affect the price of Stitch Fix stock, such as the activity in early 2021 targeting GameStop Corp and others;
- lawsuits threatened or filed against us;
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; and
- other events or factors, including those resulting from war or incidents of terrorism, public health crises such as the COVID-19 pandemic, adverse weather events and climate conditions, or responses to these events.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many eCommerce and other technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. For example, beginning in October 2018, we and certain of our directors and officers were sued in putative class action and derivative lawsuits alleging violations of the federal securities laws for allegedly making materially false and misleading statements. And on August 26, 2022, a class action lawsuit alleging violations of federal securities laws was filed by certain of our stockholders naming as defendants us, certain of our officers and directors for allegedly making materially false and misleading statements regarding our Freestyle offering. We may be the target of additional litigation of this type in the future as well. Such securities litigation could subject us to substantial costs, divert resources and the attention of management from our business, and seriously harm our business.

Moreover, because of these fluctuations, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide.

***We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves.***

In January 2022, our Board of Directors authorized a share repurchase program to repurchase up to \$150.0 million of our outstanding Class A common stock, with no expiration date. During fiscal 2024 and the three months ended November 2, 2024, we did not repurchase any shares of our common stock, and we had \$120.0 million remaining in share repurchase capacity as of November 2, 2024. Although our Board of Directors has authorized this repurchase program, the program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The actual timing and amount of repurchases remain subject to a variety of factors, including stock price, trading volume, market conditions and other general business considerations. In addition, the terms of our first lien credit agreement with Citibank, N.A., as agent and lender (“the 2023 Credit Facility”), impose limitations on our ability to repurchase shares. The share repurchase program may be modified, suspended, or terminated at any time, and we cannot guarantee that the program will be fully consummated or that it will enhance long-term stockholder value. The program could affect the trading price of our stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our stock. In addition, this program could diminish our cash and cash equivalents and marketable securities.

***Future sales of shares by existing stockholders could cause our stock price to decline.***

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our Class A common stock in the public market, then the trading price of our Class A common stock could decline. In addition, shares underlying any outstanding options and restricted stock units will become eligible for sale if exercised or settled, as applicable, and to the extent permitted by the provisions of various vesting agreements and Rule 144 of the Securities Act. All the shares of Class A and Class B common stock subject to stock options and restricted stock units outstanding and reserved for issuance under our 2011 Equity Incentive Plan, our 2017 Incentive Plan, and our 2019 Inducement Plan (collectively, our “Incentive Plans”) have been registered on Form S-8 under the Securities Act and such shares are eligible for sale in the public markets, subject to Rule 144 limitations applicable to affiliates. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our Class A common stock could decline.

***The dual class structure of our common stock concentrates voting control with our directors, executive officers, and their affiliates, and may depress the trading price of our Class A common stock.***

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As a result, the holders of our Class B common stock, including certain of our directors, executive officers, and their affiliates, are able to exercise considerable influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if their stock holdings represent less than 50% of the outstanding shares of our capital stock. As of December 6, 2024, 16,832,911 of our 126,842,789 shares outstanding were held by our directors, executive officers, and their affiliates, and 12,621,359 of such shares held by our directors, executive officers, and their affiliates were shares of Class B common stock. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests. This control may adversely affect the market price of our Class A common stock and some stock indices may not allow public companies utilizing dual or multi-class capital structures to be included in their indices.

***We do not currently intend to pay dividends on our Class A common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our Class A common stock.***

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to pay any cash dividends on our Class A common stock in the foreseeable future. As a result, any investment return on our Class A common stock will depend upon increases in the value for our Class A common stock, which is not certain.

***Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our Class A common stock.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of our Class A common stock by acting to discourage, delay, or prevent a change of control of our Company or changes in our management that the stockholders of our Company may deem advantageous. These provisions:

- establish a classified Board of Directors so that not all members of our Board of Directors are elected at one time;
- permit the Board of Directors to establish the number of directors and fill any vacancies and newly created directorships;

- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions of our certificate of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our Board of Directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the Board of Directors is expressly authorized to make, alter, or repeal our bylaws;
- restrict the forum for certain litigation against us to Delaware;
- reflect the dual class structure of our common stock; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Any provision of our amended and restated certificate of incorporation or amended and restated bylaws that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

***Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.***

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the United States are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

## **General Risk Factors**

***Future securities sales and issuances could result in significant dilution to our stockholders and impair the market price of our Class A common stock.***

We may issue additional equity securities in the future. We also issue awards for Class A common stock to our existing and new employees and others under our Incentive Plans. The number of shares subject to such awards is typically based on target dollar values, and therefore the number of shares increases as our stock price decreases. Future issuances of shares of our Class A common stock or the conversion of a substantial number of shares of our Class B common stock, or the perception that these

sales or conversions may occur, could depress the market price of our Class A common stock and result in dilution to existing holders of our Class A common stock. Also, to the extent outstanding options to purchase shares of our Class A common stock or Class B common stock are exercised or options or other stock-based awards are issued or become vested, there will be further dilution. The amount of dilution could be substantial depending upon the size of the issuances or exercises and our stock price. Furthermore, we may issue additional equity securities that could have rights senior to those of our Class A common stock. As a result, holders of our Class A common stock bear the risk that future issuances of debt or equity securities may reduce the value of our Class A common stock and further dilute their ownership interest.

***If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our reported financial information and this may lead to a decline in our stock price.***

We are required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”). Specifically, the Sarbanes-Oxley Act requires management to assess the effectiveness of our internal controls over financial reporting and to report any material weaknesses in such internal control. We have experienced material weaknesses and significant deficiencies in our internal controls previously. Management has concluded that our internal control over financial reporting was effective as of August 3, 2024. However, our testing, or the subsequent testing by our independent public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we or our accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, it could harm our operating results, adversely affect our reputation, or result in inaccurate financial reporting. Furthermore, should any such deficiencies arise we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions and we could be required to restate our financial results, any of which would require additional financial and management resources.

Even if we do not detect deficiencies, our internal control over financial reporting will not prevent or detect all errors and fraud, and individuals, including employees and contractors, could circumvent such controls. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

In addition, we may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. Should we encounter such difficulties, our investors could lose confidence in the reliability of our reported financial information and trading price of our Class A common stock. could be negatively impacted.

***We may not be able to generate sufficient capital to support and grow our business, and outside capital might not be available or may be available only by diluting existing stockholders.***

We require sufficient cash and liquidity to run our business, finance our operations, and pay for capital expenditures. We may not be able to generate sufficient cash to fund our working capital and capital expenditures needs. We also may require additional funds to support growth or respond to business challenges. We are party to a credit agreement with Citibank, N.A. but a deterioration in our capital structure or the quality of our earnings could result in noncompliance with our debt covenants, which would limit our ability to utilize our credit facility.

We also may want or need to engage in equity or debt financings to secure additional funds. The capital market environment, including market disruptions, limited liquidity, or interest rate fluctuations, may increase the cost of financing or restrict access to a potential source of liquidity. Additionally, if we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A common stock.

Our 2023 Credit Facility also contains covenants limiting our ability to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions, and contains financial covenants requiring us to maintain a minimum liquidity level and a minimum total consolidated fixed charge coverage Ratio above specified levels, measured in each case at the end of each fiscal quarter. The restrictive covenants of this or any future debt financing secured may make it more difficult for us to obtain capital and to pursue business opportunities. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to generate sufficient capital or obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business and to respond to business challenges could be significantly limited, and our business and prospects could fail or be adversely affected.

***If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business, or our market, or if they change their recommendations regarding our Class A common stock adversely, the trading price or trading volume of our Class A common stock could decline.***

The trading market for our Class A common stock is influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market, or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our Class A common stock, provide a more favorable recommendation about our competitors, or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our Class A common stock to decline.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 5. OTHER INFORMATION**

(a) None.

(b) None.

(c) None.

**ITEM 6. EXHIBITS**

Exhibit Number	Description	Incorporation By Reference				Filed or Furnished Herewith
		Form	SEC File No.	Exhibit	Filing Date	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Stitch Fix, Inc.</a>	8-K	001-38291	3.1	11/21/2017	
3.2	<a href="#">Amended and Restated Bylaws of Stitch Fix, Inc.</a>	8-K	001-38291	3.1	6/27/2023	
10.1	<a href="#">Director Compensation Policy, effective October 14, 2024.</a>					X
10.2+	<a href="#">Form of performance restricted stock unit grant notice and award agreement under the Stitch Fix, Inc. 2017 Incentive Plan.</a>					X
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
32.1*	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
99.1	<a href="#">Incentive Compensation Recoupment Policy, effective October 2, 2023.</a>					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).					

+ Indicates management contract or compensatory plan.

\* The certification attached as Exhibit 32.1 accompanying this Quarterly Report on Form 10-Q is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Stitch Fix, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.



## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 11, 2024

Stitch Fix, Inc.

By: /s/ David Aufderhaar

David Aufderhaar

Chief Financial Officer

(Principal Financial and Accounting Officer)

**Stitch Fix, Inc.**  
**Director Compensation Policy**

Each member of the Board of Directors (the “**Board**”) of Stitch Fix, Inc. (the “**Company**”) who is a non-employee director of the Company (“**Non-employee Director**”) will receive the compensation described in this Director Compensation Policy (the “**Director Compensation Policy**”) for his or her Board service.

**Cash Compensation**

Each Non-employee Director will receive the cash compensation set forth below for service on the Board. The annual cash compensation amounts will be payable in equal quarterly installments, in arrears following the end of each quarter in which the service occurred, pro-rated for any partial quarters. All annual cash fees are vested upon payment.

1. Annual Board Service Retainer:
  - a. All Non-employee Directors: \$100,000
2. Annual Committee Member Service Retainer:
  - a. Member of the Audit Committee: \$10,000
  - b. Member of the Compensation Committee: \$7,500
  - c. Member of the Nominating and Corporate Governance Committee: \$5,000
3. Annual Committee Chair Service Retainer (in lieu of Committee Member Service Retainer):
  - a. Chairman of the Audit Committee: \$20,000
  - b. Chairman of the Compensation Committee: \$15,000
  - c. Chairman of the Nominating and Corporate Governance Committee: \$10,000
4. Annual Lead Independent Director Retainer: \$10,000

**Equity Compensation**

Equity awards will be granted under the Company’s 2017 Incentive Plan (the “**Plan**”).

**(a) Automatic Equity Grants.**

**(i) Annual Grant.** Without any further action of the Board or Compensation Committee of the Board, at the close of business on the date of each annual meeting of the Company’s stockholders (the “**Annual Meeting Date**”), each person who is then a Non-employee Director will automatically receive a Restricted Stock Unit (“**RSU**”) grant with an aggregate value of \$175,000.

**(ii) Initial Grant for New Directors.** Without any further action of the Board or Compensation Committee of the Board, each person who is elected or appointed for the first time to be a Non-employee Director of the Board will receive an RSU grant with an aggregate

value of \$175,000, multiplied by a fraction, the numerator of which is the number of days between the Commencement Date and the then-scheduled next Annual Meeting Date (or, if such Annual Meeting Date has not yet been scheduled, the first anniversary of the immediately preceding Annual Meeting Date), and the denominator of which is 365, per the following schedule:

(1) if such Non-employee Director's initial commencement date as a Non-employee Director of the Board (the "Commencement Date") is within the first three quarters of the Company's fiscal year, then automatically, at the close of business on the Commencement Date; or

(2) if such Non-employee Director's Commencement Date is within the fourth quarter of the Company's fiscal year, then, automatically at the close of business on the date of the upcoming Annual Meeting (along with his or her next Annual Grant).

(iii) **RSU Value.** The number of shares subject to RSUs granted under the Director Compensation Policy shall be equal to the dollar value set forth above divided by the average closing price of the Company's common stock for 30 calendar days immediately preceding the grant date, rounded down to the nearest share.

(b) **Vesting; Change in Control.** Each RSU granted pursuant to the Director Compensation Policy will vest on the earlier of the first anniversary of its date of grant and the next Annual Meeting Date. All vesting is subject to the Non-employee Director's Continuous Service (as defined in the Plan) through the applicable vesting date. Notwithstanding the foregoing vesting schedule, for each Non-employee Director who remains in Continuous Service with the Company until immediately prior to the closing of a Change in Control (as defined in the Plan), his or her then-outstanding stock options and RSUs will become fully vested immediately prior to the closing of such Change in Control in which their Service is terminated.

(c) **Remaining Terms.** The remaining terms and conditions of each RSU, including transferability, will be as set forth in the Company's standard RSU agreement, respectively, in the applicable form adopted from time to time by the Board or the Compensation Committee of the Board.

## Expenses

The Company will reimburse each Non-employee Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board meetings, committee meetings, and other meetings in which in-person attendance is requested; *provided*, that the Non-employee Director timely submit to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy, as in effect from time to time. To the extent that any taxable reimbursements are provided to any Non-employee Director, they will be provided in accordance with Section 409A of the Internal Revenue Code of 1986, including, but not limited to, the following provisions: (i) the amount of any such expenses eligible for reimbursement during such individual's taxable year may not affect the expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense must be made no later than the last day of such individual's taxable year that immediately follows the taxable year in which the expense was

incurred; and (iii) the right to any reimbursement may not be subject to liquidation or exchange for another benefit.

**Administration**

The Board, or any committee to whom the Board delegates the requisite authority, will administer the Policy. The Board (or such committee) will have the sole discretion and authority to administer, interpret, amend and terminate the Policy, and the decisions of the Board (or such committee) will be final and binding on all persons having an interest in the Policy.

*Effective October 14, 2024*

**Stitch Fix, Inc.**  
**Performance Restricted Stock Unit Grant Notice**  
**(2017 Incentive Plan)**

Stitch Fix, Inc. (the “*Company*”), pursuant to its 2017 Incentive Plan (the “*Plan*”), hereby awards to Participant a Restricted Stock Unit Award (“*Restricted Stock Units*” or “*RSUs*”) for the number of shares of the Company’s Class A Common Stock (“*Common Stock*”) set forth below (the “*Award*”). The Award is subject to all of the terms and conditions as set forth in this notice of grant (this “*Restricted Stock Unit Grant Notice*”), and in the Plan and the Restricted Stock Unit Award Agreement (the “*Award Agreement*”), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in this Restricted Stock Unit Grant Notice or the Award Agreement and the Plan, the terms of the Plan shall control.

Participant: << \_\_\_\_\_ >>

Date of Grant: << \_\_\_\_\_ >>

Vesting Commencement Date: << \_\_\_\_\_ >>

Target Number of Restricted Stock Units<sup>1</sup>: << \_\_\_\_\_ >>

Maximum Restricted Stock Units << \_\_\_\_\_ >>

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock Units will vest only if certain performance-based goals are achieved (as described below) and Participant will not vest in the Restricted Stock Units if there is termination of grantee’s Continuous Service prior to the applicable vesting dates.

**Performance Period:** Fiscal year 2025.

**Performance-Based Vesting Component:** The actual number of RSUs that will become eligible to vest (if any) with respect to the Performance Period will be determined based on the achievement against the Performance Levels described below for the Performance Period.

Any Restricted Stock Units that become eligible to vest after determination on the Certification Date (as defined below) of achievement of the performance-based vesting component described in this paragraph are referred to herein as “Eligible RSUs.” Eligible RSUs will be eligible to vest according to the following vesting schedule, on the Company’s quarterly vesting dates set forth on Exhibit B, subject to the Participant’s continued service to the Company through such vesting date:

Vest Schedule (%)												
Vest Tranche			1	2	3	4	5	6	7	8		
Fiscal Year			FY26				FY27				FY28	Total Vested
Vest Month			Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	
Metric 1			41.66%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	100%
Metric 2			41.66%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	100%
Metric 3			41.66%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	100%

<sup>1</sup> Please note that the Company will withhold shares when you vest to cover federal and state statutory minimum taxes. As you may be subject to additional taxes, we recommend you consult with a tax professional to understand your tax obligations.

**Performance Metrics and Targets:** The “Performance Targets” and the “Performance Levels” are set forth below. “Performance Achievement” means the Company’s results with respect to a Performance Metric.

<< \_\_\_\_\_ >>

All calculations will be rounded to the closest one hundredth decimal position for purposes of calculating achievement. If the Performance Achievement for the Performance Period falls between Performance Levels set forth in the tables above with respect to Performance Metrics, the actual Performance Achievement will be determined by linear interpolation between the applicable Performance Levels.

For purposes of these vesting provisions, the following terms shall have the following meanings:

“Revenue” means revenue achieved during the fiscal year 2025 determined according to generally accepted accounting principles in effect on the date of grant. In the sole discretion of the Compensation Committee, adjustments may be made to exclude the effects of acquisitions and/or dispositions during the Performance Period.

“Adjusted EBITDA” means (A) net income (loss) for the Performance Period before (1) other (income) expense, net, which includes interest income, interest expense and other income and expense, (2) provision for (benefit from) income taxes, (3) depreciation and amortization of property and equipment, (4) amortization of intangible assets, and (5) stock-based compensation. In the sole discretion of the Compensation Committee, adjustments may be made to exclude the effects of acquisitions and/or dispositions during the Performance Period.

“Active Clients” is defined as a client who checked out a Fix or was shipped an item via Freestyle in the preceding 52 weeks, measured as of the last day of that period. Clients check out a Fix when they indicate which items they are keeping through our mobile application or on our website.

All determinations regarding any Performance Metric or the Performance Achievement shall be made by the Compensation Committee of the Board in its sole discretion and all such determinations shall be final and binding on all parties to the maximum extent permitted by law. The Certification Date means the date on which the Compensation Committee has verified the Performance Achievement for the Performance Period in formal resolutions or a consent action of the Compensation Committee.

On the Certification Date, the portion of the Target Number of RSUs that did not become Eligible RSUs due to the required Performance Achievement threshold not being achieved shall immediately be forfeited without further consideration.

**Treatment Upon a Transaction:** Notwithstanding anything to the contrary in the Plan, this Award Agreement, or any other written agreement between Participant and the Company, subject to Participant’s continued service to the Company through the occurrence of a Transaction (as defined in the Plan), upon the occurrence of the Transaction prior to the completion of the Performance Period, the target number of RSUs will become Eligible RSUs and the Certification Date shall be the closing of such Transaction. The Eligible RSUs will be entitled to any acceleration protection that the Participant has with respect to Restricted Stock Units that vest solely based on continuous service. Further, subject to Participant’s continued service to the Company through the occurrence of a Transaction occurring following the end of the Performance Period but prior to certification, the Compensation Committee of the Board of Directors shall determine Performance Achievement prior to the closing of the Transaction and the date of such determination will be the Certification Date.

**Additional Terms/Acknowledgements**

Participant acknowledges receipt of, and understands and agrees to, this Performance Restricted Stock Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Performance Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award, with the exception, if applicable, of (i) restricted stock unit awards or options previously granted and delivered to Participant, (ii) the written employment agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, and (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

By accepting this Award, Participant acknowledges having received and read the Performance Restricted Stock Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

**Stitch Fix, Inc. Participant**

By: <<\_\_\_\_\_>> \_\_\_\_\_  
Casey O'Connor Signature

Title: Chief Legal Officer Date: \_\_\_\_

Date: \_\_\_\_

**EXHIBIT A**

**Stitch Fix, Inc.**

**2017 Incentive Plan  
Performance Restricted Stock Unit Award Agreement**

Pursuant to the Performance Restricted Stock Unit Grant Notice (the “*Grant Notice*”) and this Performance Restricted Stock Unit Award Agreement (the “*Agreement*”), Stitch Fix, Inc. (the “*Company*”) has awarded you (“*Participant*”) a Restricted Stock Unit Award (the “*Award*”) pursuant to the Company’s 2017 Incentive Plan (the “*Plan*”) for the number of Restricted Stock Units/shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

1. **Grant of the Award.** This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the “*Account*”) the number of Restricted Stock Units/shares of Common Stock subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Common Stock, in part or in full satisfaction of the delivery of Common Stock in connection with the vesting of the Restricted Stock Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Common Stock issuable in connection with your Restricted Stock Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

2. **Vesting.** Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice. Vesting will cease upon the termination of your Continuous Service and the Restricted Stock Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award or the shares of Common Stock to be issued in respect of such portion of the Award.

3. **Number of Shares.** The number of Restricted Stock Units subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

4. **Securities Law Compliance.** You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. **Transfer Restrictions.** Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your



Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) **Death.** Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

## 6. **Date of Issuance.**

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation set forth in Section 12 of this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above, and subject to any different provisions in the Grant Notice). Each issuance date determined by this paragraph is referred to as an “**Original Issuance Date**”.

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Arrangement**”)), and

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a “same day sale” commitment with a broker-dealer pursuant to Section 12 of this Agreement (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you

are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b) (4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) The form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

#### 7. **Forfeiture, Recoupment.**

(a) In connection with your commencement of employment with the Company or any of its Affiliates, you signed an agreement(s) that contained obligations regarding arbitration, confidential information, invention assignment, and at-will employment ("**New Hire Agreement**"). The New Hire Agreement includes, among other terms, a covenant that applies during your employment and for the one-year period following your termination of employment for any reason, and prohibits you from, directly or indirectly, soliciting, inducing, or encouraging any person known to you to be an employee, consultant or independent contractor of the Company, its subsidiaries, parents, affiliates, successors and assigns to terminate his or her relationship with such entity ("**Non-Solicitation Covenant**"). The Board may determine that the Restricted Stock Units shall be forfeited or reduced if you breach the Non-Solicitation Covenant.

(b) If the Board determines that you have breached the Non-Solicitation Covenant, the Board may, in its discretion, require you to return to the Company any Common Stock or cash received in settlement of Restricted Stock Units. If you have disposed of the Common Stock acquired in settlement of Restricted Stock Units, then the Company may require you to pay to the Company the economic value of the Common Stock as of the date of disposition. The Company shall exercise the right of forfeiture and recoupment provided to the Company in this Section 7 within 12 months after the Company's discovery of the breach of the Non-Solicitation Covenant.

(c) The remedies provided in this Section 7 shall be in addition to any legal or equitable remedies existing at law or provided for in any other agreement between you and the Company or any of its Affiliates, including, but not limited to, the New Hire Agreement, and shall not be construed as a limitation upon, or as an alternative or in lieu of, any such remedies.

(d) In addition, your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

8. **Dividends.** You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment; provided, however, that this sentence will not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

9. **Restrictive Legends.** The shares of Common Stock issued in respect of your Award shall be endorsed with appropriate legends as determined by the Company.

10. **Execution of Documents.** You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

11. **Award not a Service Contract.**

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “*reorganization*”). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company’s right to terminate your Continuous Service at any time, with or without your cause or notice, or to conduct a reorganization.

12. **Withholding Obligation.**

(a) On each vesting date, and on or before the time you receive a distribution of the shares of Common Stock in respect of your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the “*Withholding Obligation*”).

(b) By accepting this Award, you acknowledge and agree that the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Obligation relating to your Restricted Stock Units by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Withholding Obligation in cash; (ii) withholding from any compensation otherwise payable to you by the Company; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 6) equal to the amount of such Withholding Obligation; provided, however, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Withholding Obligation using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; and/or (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Obligation and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Obligation directly to the Company and/or its Affiliates. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Common Stock or any other consideration pursuant to this Award.

(c) In the event the Withholding Obligation arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

13. **Tax Consequences.** The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

14. **Unsecured Obligation.** Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

15. **Notices.** Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver

any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. **Headings.** The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

17. **Miscellaneous.**

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

18. **Governing Plan Document.** Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan.

19. **Effect on Other Employee Benefit Plans.** The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

20. **Severability.** If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. **Other Documents.** You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act. In addition, you acknowledge

receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

22. **Amendment.** This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

23. **Compliance with Section 409A of the Code.** This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service" (as defined in Section 409A), then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

\* \* \* \* \*

This Performance Restricted Stock Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Performance Restricted Stock Unit Grant Notice to which it is attached.

**Attachment I**  
**Quarterly RSU Vesting Dates**

## CERTIFICATION

I, Matt Baer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stitch Fix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 11, 2024

/s/ Matt Baer

Matt Baer

Chief Executive Officer and Director

(Principal Executive Officer)



**CERTIFICATION**

I, David Aufderhaar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stitch Fix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 11, 2024

/s/ David Aufderhaar

David Aufderhaar

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION**

In connection with the Quarterly Report of Stitch Fix, Inc. (the "Company") on Form 10-Q for the period ended November 2, 2024, as filed with the Securities and Exchange Commission (the "Periodic Report"), we, Matt Baer, Chief Executive Officer of the Company, and David Aufderhaar, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

1. The Periodic Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 11, 2024

/s/ Matt Baer

Matt Baer  
Chief Executive Officer and Director  
(Principal Executive Officer)

/s/ David Aufderhaar

David Aufderhaar  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

# STITCH FIX

## Incentive Compensation Recoupment Policy

### 1. Introduction

The Board of Directors (the “**Board**”) of Stitch Fix, Inc., a Delaware corporation (the “**Company**”), has determined that it is in the best interests of the Company and its stockholders to adopt this Incentive Compensation Recoupment Policy (this “**Policy**”) providing for the Company’s recoupment of Recoverable Incentive Compensation that is received by Covered Officers of the Company under certain circumstances. Certain capitalized terms used in this Policy have the meanings given to such terms in Section 3 below.

This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder (“**Rule 10D-1**”) and Nasdaq Listing Rule 5608 (the “**Listing Standards**”).

### 2. Effective Date

This Policy shall apply to all Incentive Compensation that is received by a Covered Officer on or after October 2, 2023 (the “**Effective Date**”). Incentive Compensation is deemed “**received**” in the Company’s fiscal period in which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period.

### 3. Definitions

“**Accounting Restatement**” means an accounting restatement that the Company is required to prepare due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Accounting Restatement Date**” means the earlier to occur of (a) the date that the Board, a committee of the Board authorized to take such action, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

“**Administrator**” means the Compensation Committee or, in the absence of such committee, the Board.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“**Compensation Committee**” means the Compensation Committee of the Board.

“**Covered Officer**” means each current and former Executive Officer.

“**Exchange**” means the Nasdaq Stock Market.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Executive Officer**” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to Item 401(b) of Regulation S-K promulgated under the Exchange Act.

“**Financial Reporting Measures**” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including Company stock price and total stockholder return (“**TSR**”). A measure need not be presented in the Company’s financial statements or included in a filing with the SEC in order to be a Financial Reporting Measure.

“**Incentive Compensation**” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

“**Lookback Period**” means the three completed fiscal years immediately preceding the Accounting Restatement Date, as well as any transition period (resulting from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period of at least nine months shall count as a completed fiscal year). Notwithstanding the foregoing, the Lookback Period shall not include fiscal years completed prior to the Effective Date.

“**Recoverable Incentive Compensation**” means Incentive Compensation received by a Covered Officer during the Lookback Period that exceeds the amount of Incentive Compensation that would have been received had such amount been determined based on the Accounting Restatement, computed without regard to any taxes paid (*i.e.*, on a gross basis without regarding to tax withholdings and other deductions). For any compensation plans or programs that take into account Incentive Compensation, the amount of Recoverable Incentive Compensation for purposes of this Policy shall include, without limitation, the amount contributed to any notional account based on Recoverable Incentive Compensation and any earnings to date on that notional amount. For any Incentive Compensation that is based on stock price or TSR, where the Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Administrator will determine the amount of Recoverable Incentive Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive Compensation was received. The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange in accordance with the Listing Standards.

“**SEC**” means the U.S. Securities and Exchange Commission.

#### 4. Recoupment

(a) **Applicability of Policy.** This Policy applies to Incentive Compensation received by a Covered Officer (i) after beginning services as an Executive Officer, (ii) who served as an Executive Officer at any time during the performance period for such Incentive Compensation, (iii) while the Company had a class of securities listed on a national securities exchange or a national securities association, and (iv) during the Lookback Period.

(b) **Recoupment Generally.** Pursuant to the provisions of this Policy, if there is an Accounting Restatement, the Company must reasonably promptly recoup the full amount of the Recoverable Incentive Compensation, unless the conditions of one or more subsections of Section 4(c) of this Policy are met and the Compensation Committee, or, if such committee does not consist solely of independent directors, a majority of the independent directors serving on the Board, has made a determination that recoupment would be impracticable. Recoupment is required regardless of whether the Covered Officer engaged in any misconduct and regardless of fault, and the Company's obligation to recoup Recoverable Incentive Compensation is not dependent on whether or when any restated financial statements are filed.

(c) **Impracticability of Recovery.** Recoupment may be determined to be impracticable if, and only if:

(i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of the applicable Recoverable Incentive Compensation; provided that, before concluding that it would be impracticable to recover any amount of Recoverable Incentive Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Recoverable Incentive Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange in accordance with the Listing Standards; or

(ii) recoupment of the applicable Recoverable Incentive Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Code Section 401(a)(13) or Code Section 411(a) and regulations thereunder.

(d) **Sources of Recoupment.** To the extent permitted by applicable law, the Administrator shall, in its sole discretion, determine the timing and method for recouping Recoverable Incentive Compensation hereunder, provided that such recoupment is undertaken reasonably promptly. The Administrator may, in its discretion, seek recoupment from a Covered Officer from any of the following sources or a combination thereof, whether the applicable compensation was approved, awarded, granted, payable or paid to the Covered Officer prior to, on or after the Effective Date: (i) direct repayment of Recoverable Incentive Compensation previously paid to the Covered Officer; (ii) cancelling prior cash or equity-based awards (whether vested or unvested and whether paid or unpaid); (iii) cancelling or offsetting against any planned future cash or equity-based awards; (iv) forfeiture of deferred compensation, subject to compliance with Code Section 409A; and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may effectuate recoupment under this Policy from any amount otherwise payable to the Covered Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, *e.g.*, base salary, bonuses or commissions and compensation previously deferred by the Covered Officer. The Administrator need not utilize the same method of recovery for all Covered Officers or with respect to all types of Recoverable Incentive Compensation.

(e) **No Indemnification of Covered Officers.** Notwithstanding any indemnification agreement, applicable insurance policy or any other agreement or provision of the Company's certificate of incorporation or bylaws to the contrary, no Covered Officer shall be entitled to indemnification or advancement of expenses in connection with any enforcement of this Policy by the Company, including paying or reimbursing such Covered Officer for insurance premiums to cover potential obligations to the Company under this Policy.

(f) **Indemnification of Administrator.** Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

## 5. Administration

Except as specifically set forth herein, this Policy shall be administered by the Administrator. The Administrator shall have full and final authority to make any and all determinations required under this Policy. Any determination by the Administrator with respect to this Policy shall be final, conclusive and binding on all interested parties and need not be uniform with respect to each individual covered by this Policy. In carrying out the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee's responsibility and authority. Subject to applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions that the Administrator, in its sole discretion, deems necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

## 6. Severability

If any provision of this Policy or the application of any such provision to a Covered Officer shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

## 7. No Impairment of Other Remedies

Nothing contained in this Policy, and no recoupment or recovery as contemplated herein, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Officer arising out of or resulting from any actions or omissions by the Covered Officer. This Policy does not preclude the Company from taking any other action to enforce a Covered Officer's obligations to the Company, including, without limitation, termination of employment and/or institution of civil proceedings. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer and to any other compensation recoupment policy and/or similar provisions in any employment, equity plan, equity award, or other individual agreement, to which the Company is a party or which the Company has adopted or may adopt and maintain from time to time.

**8. Amendment; Termination**

The Administrator may amend, terminate or replace this Policy or any portion of this Policy at any time and from time to time in its sole discretion. The Administrator shall amend this Policy as it deems necessary to comply with applicable law or any Listing Standard.

**9. Successors**

This Policy shall be binding and enforceable against all Covered Officers and, to the extent required by Rule 10D-1 and/or the applicable Listing Standards, their beneficiaries, heirs, executors, administrators or other legal representatives.

**10. Required Filings**

The Company shall make any disclosures and filings with respect to this Policy that are required by law, including as required by the SEC.

\* \* \* \* \*

**Stitch Fix, Inc.**

**Incentive Compensation Recoupment Policy**

**Form of Executive Acknowledgment**

I, the undersigned, agree and acknowledge that I am bound by, and subject to, the Stitch Fix, Inc. Incentive Compensation Recoupment Policy, as may be amended, restated, supplemented or otherwise modified from time to time (the "**Policy**"). In the event of any inconsistency between the Policy and the terms of any employment agreement, offer letter or other individual agreement with Stitch Fix, Inc. (the "**Company**") to which I am a party, or the terms of any compensation plan, program or agreement, whether or not written, under which any compensation has been granted, awarded, earned or paid to me, the terms of the Policy shall govern.

In the event that the Administrator (as defined in the Policy) determines that any compensation granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company pursuant to the Policy, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. I further agree and acknowledge that I am not entitled to indemnification, and hereby waive any right to advancement of expenses, in connection with any enforcement of the Policy by the Company.

**Agreed and Acknowledged:**

—

Name: \_\_

Title: \_\_

Date: \_\_